

July 1988

OVERSEAS NEWS

Australia attacks US wheat sale to Soviet Union

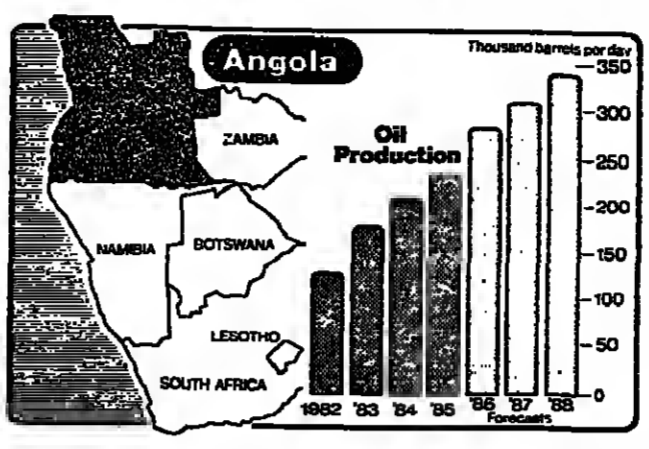
THE AUSTRALIAN Wheat Board (AWB) has attacked America's decision to subsidise the sale of up to 4m tonnes of wheat to the Soviet Union at the weekend, saying it would have a further depressing effect on world market prices. 'Clearly the US still believes export subsidies are the way to solve their agricultural problems, something with which the AWB and the other unsubsidised wheat exporters of the world strongly disagree,' Mr Clinton Condon, the AWB chairman, said in a statement issued in Melbourne. 'It is regrettable, however, that the Reagan administration has decided - for the moment at least - to resist public pressure to extend its subsidisation of wheat exports to other countries that are large buyers of Australian wheat, such as China.'

S. Korea refuses to revalue currency

THE SOUTH Korean Finance Minister, Mr Chung In-Yong, says the Seoul Government will not 'artificially' revalue the Korean won against the US dollar, as the US has now formally requested. Mr Chung on Saturday also rejected the notion of entering into 'negotiations' over the exchange rate with the US, though he said South Korea would be ready to discuss the exchange rate and other bilateral economic issues. The US Government is seeking an upward revaluation of the won, which has risen only about 1 per cent against the US dollar since the G-5 meeting last October that led to a dramatic depreciation of the dollar against the world's major currencies. US officials are concerned about the continued growth of the US trade deficit with South Korea, which totalled \$3.2bn (\$2.2bn) in the first half of the year. South Korean officials have said they expect the won to rise gradually against the dollar as a result of market forces in the coming months. The won is pegged to a basket of currencies dominated by the US dollar.

Tony Hodges on Luanda's efforts to cope with the oil price fall and a guerrilla war Cash strapped Angola considers reforms

IN THE sprawling market by the old Luanda burling, women sell a bunch of four bananas for 1,000 kwanzas, a seventh of a manual worker's entire monthly salary. At the official exchange rate those four bananas cost the equivalent of \$33. But such conversions have little meaning because the national currency now trades on the black market for one-third of its official value, which has been pegged at Kz 90 to the dollar since 1977. Survival would be impossible for most of Luanda's 1m residents, were it not for the provision of a few basic necessities in 'people's shops' at controlled prices. 'Goods are so scarce that free market prices have soared to the extent that a long-time Luanda resident, recalling the days when Angola used to export farm products such as bananas, remarked a long time ago: 'People, even companies, want to barter goods, rather than accept payment in kwanzas.'



Oil output almost doubled between 1982 and 1985, rising from 129,600 b/d to 231,000 b/d, and the country is now the largest oil producer in sub-Saharan Africa apart from Nigeria. But Angola's oil, which last year sold for an average of \$26.50 a barrel, was being traded this month for less than \$8 a barrel. Towards the end of last year Angola suddenly began running up arrears on foreign payments, denting its credit rating, either in one of the best in black Africa. Most Western export credit agencies, including the UK Export Credit Guarantee Department, responded by lifting cover on medium and long term credits. Several factors, however, put Angola in a stronger position than some other cash-strapped oil producers and give grounds for optimism that the build-up of arrears is temporary. First, oil output will continue to rise, partially offsetting the fall in prices. This year production is on course to increase by 21.5 per cent to an average 251,000 b/d, and is expected to reach 310,000 b/d in 1987 and 340,000 b/d in 1988. The second positive factor is that Angola did not borrow heavily during the oil boom years. By the end of 1985, its disbursed medium and long-term external public debt totalled \$2.5bn, while debt service in 1985 was \$324m, only 15.4 per cent of exports of goods and services. This year's debt service would rise to \$540m in the absence of rescheduling, according to the Banco Nacional de Angola (BNA). Assuming an average oil price of \$12 a barrel, total exports of goods and services would not exceed \$1.3bn, giving a debt ratio of about 40 per cent - high but not catastrophic. The vice-governor of the BNA, Mr Mario Pizarro, says he is confident that the actual ratio can be reduced to between 20 and 25 per cent through rescheduling. At first sight this might appear difficult. Most Western

governments have insisted on a multilateral rescheduling through the Paris and London Clubs, requiring a prior agreement with the International Monetary Fund, of which Angola is not a member. But Angola does not need to take this route. The Soviet Union, by virtue of its arms sales, accounts alone for two thirds of the total debt (\$2.1bn out of \$3.2bn including undischarged debt as of September 1985). It has strategic reasons to be soft on Angola and, according to Luanda observers, has agreed to a two-year debt moratorium. Longer-term deals are being finalised with Brazil, the second largest creditor (\$434m as of September 1985) and Portugal (\$81m). Two countries with close historical and commercial ties to Angola. The BNA has meanwhile been negotiating new credits to pay off the arrears. Mr Pizarro said an 18-month facility believed to be worth about \$100m has recently been agreed by a Swiss bank. According to Mr Pizarro, the bank is negotiating longer term credits in the hope of clearing all of this year's arrears by the beginning of 1987. 'If the oil price does not fall again, I am reasonably optimistic,' he said, though it will not be an easy exercise. Restoring Angola's creditworthiness is vital for Sonangol, the state oil producer, which relies mainly on Western credits to fund its share of investment in the oil industry but has recently faced financing difficulties. A \$150m credit line under negotiation with Lloyds Bank International for the offshore oil industry may hinge on the restoration of cover by the ECGD, though the Department of Trade is lobbying hard for exceptional treatment to enable British suppliers to make a belated breakthrough into the

World Economic Indicators table with columns for Trade Statistics (Exports, Imports, Balance) for US, UK, Japan, France, and West Germany from June '86 to May '88.

SHIPPING REPORT Oil worries fail to curb tanker trade

THE TANKER trade remains brisk amid recent oil price fluctuations. The shipping brokers, said that over the past week more business had been quoted and fixed with owners of large ships expecting to see improved rates paid for their vessels. 'There are suggestions,' said Galbraith's 'that most OPEC members will, after their present meeting, agree a voluntary curb on oil exports, while the country remains bereft of skills at every level. Meanwhile, scarce resources have been channelled into the armed forces, fighting successive South African attacks in the south and the Unita guerrilla war, which has spread over nine-tenths of the country. Agriculture has been ravaged, and transport disrupted

Large advertisement for Kimberly-Clark featuring a man in a suit and the text 'WHY SHOULDN'T YOUR WASHROOM BE A POSH ROOM?' and 'Give Kimberly-Clark a lacklustre loo and we'll soon have it finished with pride.'

Contracts & Tenders section for the Peoples Democratic Republic of Yemen, including an invitation for tender for road construction work.

Yugoslavs told to cut prices

By Aleksandar Lebi in Belgrade THE YUGOSLAV Government has ordered price cuts to head off triple-digit inflation and introduced some tax incentives to encourage exports and a wider network of duty-free shops to boost hard-currency earnings. The main element penalises companies that responded most sharply to the widespread rumours in mid-June that the Government was about to freeze all prices. Some 200 products that moved upward in price between June 9 and 25 and by more than 5 per cent in June as a whole - or 50 per cent since the start of the year - are to be rolled back to their June 8 price level. In the run-up to the Yugoslav Communist Party congress at the end of June, prices of some products increased more than tenfold. The price roll-back is clearly designed to show companies that they may burn their fingers by anticipative price increases. Overall retail prices rose 6 per cent in June to stand 91 per cent higher than a year earlier, although the rate of monthly increase slowed to 3 per cent last month.

Company Notice section for Continental (Bermuda) Limited, including financial details and a holiday and travel advertisement.

Clubs and Staying in Lyon? section, including information about hotels in Lyon and a portable air conditioning advertisement.

WORLD TRADE NEWS

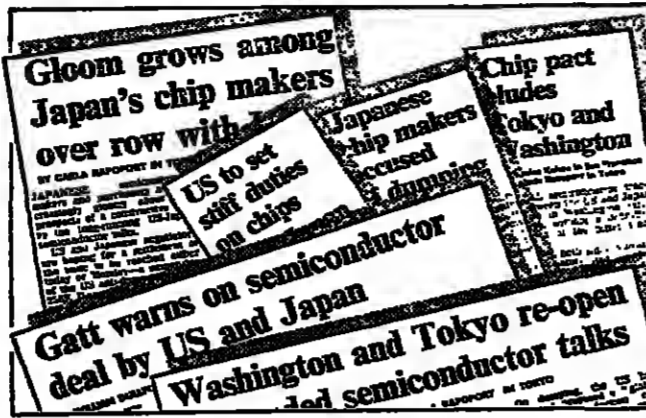
CHIPS TRADE ACCORD

US industry voices doubts over semi-conductor pact with Japan

Europeans threaten challenge under Gatt

By Tim Dickinson in Brussels

THE QUESTION US chip makers are asking themselves is: "Will the US-Japanese semiconductor trade accord really work?"



Gloom grows among Japan's chip makers over row with US to get stiff market on chips. Gatt warns on semiconductor deal by US and Japan. Washington and Tokyo re-open semiconductor talks.

Not everybody in the US industry is pessimistic about Japan's commitment to the trade accord. "I think the agreement is very favourable," says Mr Charles E. Spork.

Other chip prices could increase slightly, they say. These price increases will, however, be only a "short-term perturbation," analysts maintain.

Table: SHARES OF WORLD SEMICONDUCTOR MARKET. Columns: US, Japan, Europe, %. Rows: 1980, 1981, 1982, 1983, 1984, 1985, 1986.

There are also dangers that the agreement could backfire on US chip makers: although the US managed to persuade Japan to monitor export prices to third countries as well as to the US (a key sticking point in the negotiations) it has yet to be seen whether such controls are enforceable.

The agreement covers chips exported to Europe and the Commission has stressed that it cannot accept that Japan and the US demand prices to be paid by European users on the basis of a lateral understanding.

Tokyo concerned about setting a trade precedent

By Carla Rapoport in Tokyo

THE US-Japan semi-conductor trade pact is a precedent-setter. The agreement makes plain that Japan has been using what the west thinks are unfair business practices in the export of one of the world's most important high-tech products.

Japan has promised to increase its purchases of foreign-made chips to just above 20 per cent of its market over the next five years, more than doubling US sales in Japan.

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benefit from the talks would do well to step back and consider its role in Japan's evolving trade policy. The signing of this chip agreement after a year of bitter wrangling between hyper-sensitive Japanese industry executives and US bureaucrats is a tribute to Miti's strong ties with respected status among Japanese industrialists.

Whether Miti can continue to pull the industry its way. Even so, a sombre view at Miti, post-agreement, is understandable. The agency has to take on not only the thankless task of monitoring the costs and prices of exports from Japan, but also those of Japanese companies in 16 countries overseas.



Dr Mitsuo Matsushita, Professor of Law at Tokyo University and an authority on trade disputes, says that under Japan's Foreign Exchange and Foreign Trade Control Law, it is impossible to enforce such a price monitoring system in foreign countries.

Reagan fails to score conclusive victories in protectionism battle

By Nancy Dunne in Washington

LAST WEEK was one of deadlines and drama for Reagan Administration trade strategists. It was the week that the Japanese Government agreed to help the US sell semiconductors in Japan that preparatory talks for a new round of multi-national trade negotiations concluded with the most contentious issues still unresolved.



Mr Shultz

inter trade agreement with South Africa allowing a 4 per cent rise in its exports while at the same time a Senate committee was debating sanctions. The Administration took every opportunity to warn of the dangers.

representatives immediately denounced it as conceding too much to Asian exporters and accused their negotiators of winking in pressure from China.



Mr Reagan

two nations. The General Agreement on Tariffs and Trade talks evoked little comment in Washington, and the proposal to subsidise Soviet grain sales was greeted as a "good beginning" by farm legislators.

Mr Clayton Yeutter, the Trade Representative, warned that passage of the Jenkins Bill would wreck the MFA and cost the US "billions and billions" in exports which would have to be paid in compensation to injured exporters.

Mr Coiby Chandler, chairman of Eastman Kodak Company and the new head of the President's Exports Council, fretted that protectionism has now become "politically acceptable."

President Reagan criticised Congress at the weekend for passing what he called "destructive" legislation setting quotas on textile imports and urged the House stand, Renter reports.

Mr Reagan said in his weekly radio address. "But I don't call it protectionism, I call it Geneva."

Although the odds are against the President's veto being overridden the outcome is by no means certain. Last week proponents of the Jenkins Bill which would cut textile and clothing imports and protect footwear and copper as well, found themselves just 10 votes short of the two-thirds needed to override the veto in the House.

Mr John Gregg, chairman of the Fibre, Fabric and Apparel Coalition for Trade, labelled the renewal "an atrocious indictment on the textile and apparel industry."

The failure exposed yet again the ambiguities of the European Community's agricultural policy, the fragility of current US and EEC trade agreements, and the need to negotiate truces in farm trade disputes.

It achieved a surprising degree of unanimity about the overall objectives and principles of the negotiations and about most items on the agenda. The group stumbled at the table over agriculture. The irreconcilable attitudes within the group were most forcibly expressed by Australia and France.

The danger now is that the Community's vacillation over agricultural trade will alienate many farm-exporting and developing countries which were prepared to go along with the Colombian-Swiss draft.

William Dulfonce assesses the conclusion last week of the preparatory trade talks Gatt prospects clouded by unfinished business

By William Dulfonce in Geneva

TRADE OFFICIALS, exhausted by all-night sessions at the end of last week, reassured themselves that after seven months of haggling they had managed to berd the world's trading nations towards a new round of liberalising negotiations.

presentatives immediately denounced it as conceding too much to Asian exporters and accused their negotiators of winking in pressure from China.

It had been hoped that the preparatory committee would have submitted its own draft and maintained its consensus under which Gatt traditionally moves. In the event, it will submit three drafts, leaving it to the ministers to sort them out.

The House of Representatives has scheduled a vote next week in an effort to override the President's veto and force the bill into law. The Senate would also have to vote.

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Jeff in 1110

UK NEWS

Councils get tough on Sunday trading

By Our Consumer Affairs Correspondent

LOCAL authorities are taking a new tough line with retailers who break the law on Sunday trading. After the collapse of the Government's plans last April to allow stores to open when they want to.

IRA murders force Ulster builders to shun army contracts

By Hugh Carnegie in Dublin

THE GOVERNMENT is facing serious difficulties in maintaining buildings at army and police posts in Northern Ireland after the resurgence of an IRA murder campaign against companies and individuals working on security force contracts.

Schroders creates Big Bang subsidiary

By David Lascells

SCHRODERS, the UK merchant banking group, today takes a further step in its preparations for the Big Bang, or financial deregulation of the City of London, with the creation of a new subsidiary, Schroder Securities Limited.

Nick Garnett examines a heavy industry's battle for survival Forgings fall in European league

GRIMY and hot, dark and noisy. Steel forgings were the very type of dirty, metal-bending operation written off by government ministers back in the early days of recession as a "sunset" industry that could be happily left to wither and die.

Dixons switch from Far East TV sets

By David Churchill, Consumer Affairs Correspondent

DIXONS, the electrical retailing group that failed last month to take over Woolworth Holdings, has agreed to buy about 200,000 British-assembled colour television sets from Thorn EMI in a deal worth £50m at retail prices.

Call for banks to fund tax-aided student loans

By Michael Dixon, Education Correspondent

COMMERCIAL banks should cooperate with the Government in a scheme to provide the UK with an adequate system of grants and loans for financing students studying for degrees at universities, polytechnics and colleges, the Lloyd's Bank Economic Bulletin says today.

Reshuffle may leave Cabinet little changed

By Peter Riddell, Political Editor

THE ministerial reshuffle early next month is likely to be confined mainly to the middle and lower ranks of the Government.

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PROPOSAL FOR CITY MARKET SHOPPING ARCADE

Roberts and Nelson
454 High Street
London EC6 3AP
Telephone: 01-561 2558

(This document covers the outline proposal of Roberts & Nelson Ltd., for the design of the City Market Shopping Arcade. Detailed plans and costings can be found in Appendix A to this report.)

The proposed site for the new Arcade is shown on the map at the right. Although several sites were available to choose from, the site on the north east corner of the square was chosen. This is for several reasons: one is that no buildings are currently located there, but it would not be necessary to buy up and demolish properties.

Furthermore, the site is within easy distance of Underground, Bus and Rail services. There are also many office blocks in the vicinity, plus high density housing. Detailed figures of local resident and office populations will be found in Appendix B.

It is estimated that not all the units will be occupied during Year 1 of the Arcade's operation, it has been possible to arrive at an estimate of the annual rental income from the units. Inflation at the current rate has been taken into account, plus the standard annual increments.

If, as proposed, a further eight units are added by 5 even during Year 5, the projected annual rental income can be seen clearly from the graph below.

Projected annual rental income for years 1-5 (in £m)

Projected annual rental income by age group

MANAGEMENT

A COWBOY rode off on Sunday to town 24 hours away that turned his horse and rode back over the next 24 hours to arrive home on Sunday still. How could that have happened?

The guru factor

Riding on an unusual hobby-horse

Michael Dixon reports on Edward de Bono who has inspired many disciples to think along unexpected lines

It was the medical degree he took at Oxford after graduating in psychology that put the Maltese-born de Bono on the road to originating strategies for thinking the previously unthinkable.

His first book on the topic appeared in 1967 and has been followed by 19 more. They have sold towards 3m copies in 23 languages.

What he draws on it are children's pictures of cars with their engines on the roof and aircraft landing upside down.

three months. "I didn't disconcert me, though. It was interesting, entertaining and potentially very useful.

But more than one seminar with him — according to habits of management conferences — teaches you no more than you learned at the first.

He is especially proud, for instance, of the notion of lateral thinking of the ordinary citizen's eyes to police efforts to counter crimes.

the use of a word be personally coined, tracking conventional lines of thought which, however logical, are proving unproductive.

De Bono emphasizes that the subsequent key work of putting the idea into successful practice, by organising the supporting groups and so on, could not be done without systematic, rational thinking of the conventional kind.

What we are not good at, and where computers aren't, yet of much aid, is in having fresh ideas we can then work on.



Kenya computes a speedy budget

By MARY ANNE FITZGERALD

THREE YEARS ago John Akach was ailing clerk in Kenya's Ministry of Finance. Three months ago he was busy collecting the 20,000 Kenya shillings that comprise the 1986-87 budget presented in June.

The decision to computerise, initially regarded with misgivings by mid- and top-level bureaucrats, has set an example that augurs a change in pace throughout Kenya's ministries.

The computers, funded by the US Agency for International Development, were introduced at the instigation of advisers recruited from the Harvard Institute for International Development.

There was also an imaginative use of resources. The deputy under-secretary level and higher were reluctant to learn about computers because working with keyboards is regarded as a menial job.

EEC spending Tomato ketchup in the budget works

By Tim Dickson in Brussels

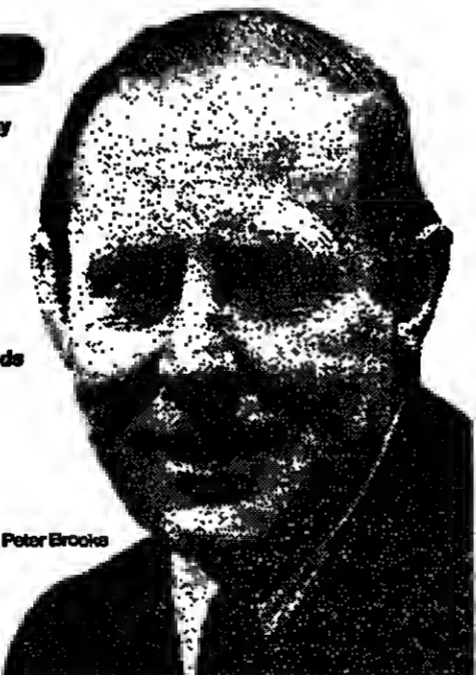
"THE TOMATO pact just got stronger and stronger" was how one EEC official put it, somewhat tongue in cheek after the meeting.

That "pact" — broadly speaking the poorer, Mediterranean countries such as Italy, Greece, Spain, Portugal and Ireland (the last admittedly neither Mediterranean nor a noted producer of the red fruit) — has been widely blamed (and credited) in Brussels for the inconclusive outcome of last month's Council of EEC Budget Ministers.

After two full days of negotiations (one stretching well into the early hours of the morning) member states were unable to agree preliminary spending plans for 1987 and with a collective sigh of relief decided to abandon their struggle until early September.

North/south divisions within the EEC and stalemate budget meetings in July, of course, are hardly new to Brussels negotiators. But the addition this year of Spain and Portugal to the ranks of those member states which generally attach a higher priority to regional and social spending than to agriculture — the so-called "tomato pact" — has further complicated the already tortuous Community decision-making process.

The voting league table



Peter Brooke

majority," or putting it the other way 23 must be amassed by at least four member states for a blocking minority.)

This time, however, the challenges of reconciling the various interests proved too much for him. In one corner (but occupying different parts of it) were the budget disciplinarians — notably, Britain and West Germany, the last two at the same time strongly wedded to getting the best possible deal for their farmers.

The hapless Mr Brooke was unable to find sufficient support to clip a further Ecu 200m or so from the near Ecu 700m knocked off by the Commission's original proposals earlier in the proceedings by EEC ambassadors.

Another official pointed out that Spain and Portugal acquired considerable negotiating skill during their brief baptism in the renewed 1986 negotiations and that as they become more integrated into the Community their bargaining position is bound to get tougher.

With relatively small sums to argue about — apparently just a few hundred million Ecu out of total proposed spending in the region of Ecu 36bn to Ecu 37bn — it is easy to assume that ministers will return from their summer holidays in a mood of goodwill and compromise.

Most significantly, with Community food "mountains" notably butter and beef) growing at an alarming rate in the US dollar showing little sign of strengthening against the Ecu, agricultural spending threatens to upset all other calculations and further increase its claim on available resources.

This, in turn, will reduce the amount available for social and regional spending, a problem that might have been solved in the past by simply increasing the size of the overall budget.

On top of all this, the "disciplinary" camp will be anxious after last year's constitutional row with the Parliament to limit as far as they can MEPs' room for manoeuvre.

Making sure the price is right

By Barry Riley



"In effecting a transaction with for a customer a firm shall be responsible steps to ensure that the transaction is effected on the best terms available, at the time the transaction is effected, to persons generally for transactions of the same size and nature as the transaction in question."

THIS IS the Securities and Investments Board's "best execution" rule, which along with accompanying principles such as "know your customer" lies at the heart of the new framework of investor protection.

In terms of Stock Exchange business, the requirement for brokers to deal to their clients' best advantage has long been incorporated in Stock Exchange rules, and indeed in agency law. But the principle has been comparatively easy to interpret in conditions of single capacity — with brokers and market makers strictly separated, and commissions fixed in advance.

After Big Bang it will be much trickier. And the problems will be felt by fund managers as well as by brokers and dealers. An easy aspect is that of small bargains in top grade equities. The Stock Exchange will divide the top few hundred stocks into alpha and beta securities, and firm prices will be displayed by market makers over the SEAQ screen-based trading system in units of 1,000 shares (and in larger size, on a voluntary basis).

firm which stays reasonably close to the standard figure will feel safe against accusations. The same could apply to fund managers within the big new integrated securities groups, who will face demands from their traders to see much of the business, but may worry their investors' clients will complain that best execution is at risk. Should 60 per cent of business go through the in-house trading desk? Or perhaps 50 per cent? The fund manager would like to know.

A little surprisingly, fund managers have emerged in a vulnerable position because of the best execution rule. Until now, financial commissions and single capacity in the London market have sheltered them, as they have sheltered brokers, from conflicts of interest over dealing. In any case, until now fund managers have been more or less unregulated.

Thus, fund managers will have a clear duty of best execution to their investment clients. One result, for example, is that they could be criticised for clumsy sales of large blocks of shares. They might be expected to be able to show they had fed the stock out carefully through several brokers' firms so as not to upset the market.

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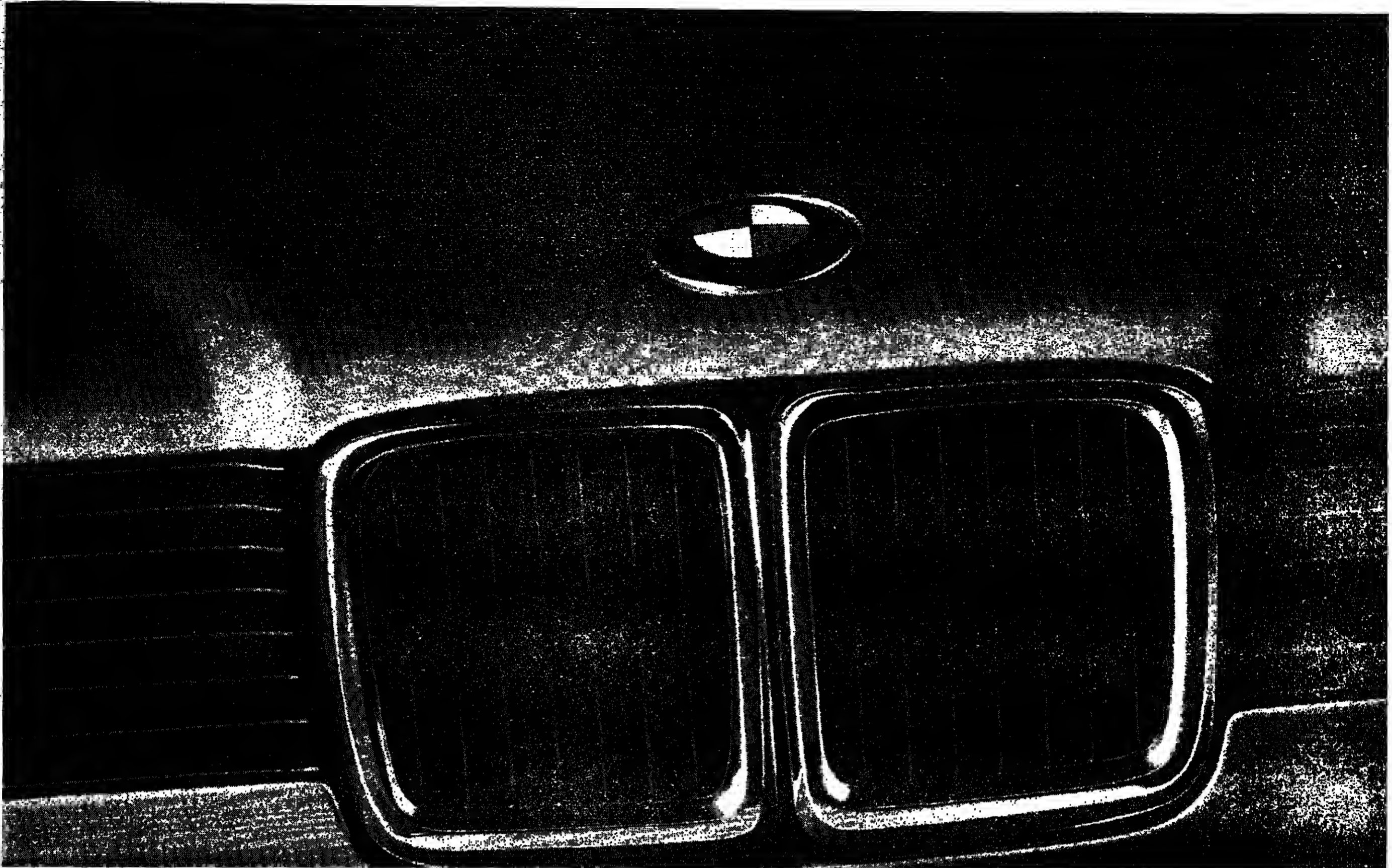
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1985 - a good year in every respect. Automobile production went up by 3%. Motorcycle production increased by 9%. Turnover rose by about 10% as well. Pretax profits and the resulting taxes were once again higher than the year before. The accounts for the 1985 business year represent renewed and impressive evidence of BMW's performance. This success is based on far-sighted Company policies. To maintain this progress, and to enable BMW to enjoy continuing prosperity, forward-looking investment

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For indisputable evidence of success, look at the balance sheet.

1985 - a good year in every respect.
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 Motorcycle production increased by 9%.
 Turnover rose by about 10% as well.
 Pretax profits and the resulting taxes were once again higher than the year before.
 The accounts for the 1985 business year represent renewed and impressive evidence of BMW's performance.
 This success is based on far-sighted Company policies.
 To maintain this progress, and to enable BMW to enjoy continuing prosperity, forward-looking investment

decisions must be taken without delay.
 There is no other way to cope with the accelerating pace of technological progress.

Investment in fixed assets accordingly rose by 60% in 1985. Investing in tangible assets alone, however, is not enough: knowledge and skills

are just as vital if the company's technological lead is to be maintained.

New recruitment, therefore, accounted for an increase of almost 4% in the workforce, including training positions for the young.

Thanks to these measures, and the continuity in company policy, we are extremely well-equipped to face the future.

BMW is therefore in a position to introduce the new products, and design developments, year after year which provide an essential stimulus to the automotive scene, and in this way to consolidate and increase its share of the world market.

BMW performance data - 1985			
Production-automobiles	Units	445,233	+ 3,1%
-motorcycles	Units	37,104	+ 9,1%
Group turnover (worldwide)	Million DM	18,078	+ 9,7%
Workforce (worldwide)		53,925	+ 3,8%
Investments (worldwide)	Million DM	1,376	+ 59,9%
Profits (before tax)	Million DM	1,029	+ 0,8%

Summary of annual accounts (BMW AG)	1985		1984	
	Million DM	Million DM	Million DM	Million DM
Balance-sheet total	6,573	5,907	14,246	12,932
Fixed and financial assets	2,592	2,411	7,891	6,915
Liquid assets	1,793	1,436	2,918	2,793
Stocks and receivables	2,188	2,060	2,483	2,166
Capital resources	1,920	1,770	729	695
Provisions	2,942	2,515	150	175
Liabilities	1,711	1,622	150	150

The full annual accounts of Bayerische Motoren Werke AG and the BMW Group up to December 31, 1985 in accordance with § 329 of the German Companies Act (AktG) have been given an unqualified auditor's certificate and will be published in the Federal German Gazette. Payment of the dividend of 12.50 DM per 50 DM share, as decided upon by the Stockholders' General Meeting on July 3, 1986 can be claimed immediately from the payment offices stated in the complete dividend announcement published in the Federal German Gazette No. 119 dated July 4, 1986, on submission of profit entitlement certificate No. 36 and subject to deduction of 25% capital earnings tax.
 Munich, July 1986 Bayerische Motoren Werke Aktiengesellschaft, Munich The Board of Management

BMW AG

Oil and Gas Exploration

The fall in prices has forced the oil companies to cut development budgets and re-examine their strategies just when more finds are needed.

Cutbacks bring risk for supplies

THE COLLAPSE of oil prices this year in a wild swing from \$30 to \$10 per barrel has given a perverse optimistic signal to most oil consumers about the state of world supplies.

Most obviously it proclaimed that oil is once again in abundant supply and that the Organization of Petroleum Exporting Countries (Opec) has lost its power over the oil market, perhaps for several years.

Lower oil prices appear to have stimulated at least some increase in consumption by motorists and companies with the capacity to switch from the use of gas to oil. If lower prices (say \$15 to \$17 per barrel) were to be sustained for a year or two, a significant further shift back to oil might well occur, while the stimulus to invest in exploration and energy conservation would be much weakened.

This process has been seen by many commentators as the more or less benign operation of the price mechanism in a market which has been under a cartel for far too long. Lower prices would bring demand and supply back into balance by stimulating the world economy, and hence the demand for energy by making oil relatively more attractive than competing fuels, and by reducing the incentive for oil companies to develop new sources of supply or pump oil from the most expensive of existing wells.

Major cutbacks in capital expenditure announced by almost every oil company have caused little alarm, and surprisingly little comment outside the industry. The Texas companies which usually drill and other equipment are already suffering

scarcely, with worse in store. This summer the Hughes Tool count of rigs operating in the US and Canada fell to 705 compared with 2,200 a year earlier.

In the north east of England and Scotland, the full force of the storm has yet to hit the yards which fabricate modules and jackets for North Sea rigs. When it does, calls for an easing of the tax regime are bound to increase.

Serious though the impact on employment may be, the more important effect is likely to be on the security of supplies of oil for the Western nations. For just at the time that oil prices are falling, discovery of new sources of oil has been getting more difficult. A recent paper by Shell shows that the cumulative discovery of new oil has been falling steadily in relation to the number of exploration wells drilled in recent decades, with a marked tendency for the graph to flatten in recent years.

The Shell paper observes: "This fall in the discovery rate has occurred in spite of the many considerable advances in the industry's technical capability, notably seismic, where today's systems are 10 to 50 times more effective than a decade ago. This decline in rate is also in spite of the increase in the number of exploration wells drilled in recent years."

Of course, surprises are inherent in the process of exploration, so that it would be foolish to rule out the possibility of major new oil finds in the free world outside the Gulf states, perhaps in the far north.

However, recent history does indicate that the Middle East remains the richest area for exploration as well as holding

half the world's known oil reserves. Most of the more accessible parts of the non-communist world have been examined by geologists, so that chances of finding a large cheap supply comparable to that of the

enhanced recovery techniques for extracting the last drop of oil from existing fields.

According to Shell, the upper limit for the range of investment costs by 1990 is likely to be about \$60,000 per barrel a

day, or about three times the cost of North Sea developments in 1975. Oil from the Gulf will then be much cheaper at a little over \$20,000 per b/d in investment costs (at 1983 prices).

It is clear therefore that the incentive to invest has been dramatically reduced just at a time when the cost of replacing reserves as they are used up is rising steadily, even steeply.

According to a survey by the New York-based Petroleum Analysis, the average expendi-

ture on exploration and development for each barrel of oil discovered by the 21 largest US companies rose from \$6.2 in 1984 to \$5.7 in 1985. Moreover, the range of costs was very large, from \$3.4 for Tennesco to nearly \$29 for Standard Oil.

On average these companies replaced only 85 per cent of the reserves which were used up in production after a good year in 1984, when discoveries were 110 per cent of production. However, the general trend for US companies is for a gradual depletion of their reserves.

This reflects the facts that new oil finds in the North American continent are tending to be smaller, while prospects elsewhere in the world now seem less bright than they did a few years ago.

The North Sea oil fields, for example, are in a mature phase. Any major new discoveries are likely to be in much more hostile waters to the north and west where new and unproved technology will be required. Exploration in the continent of Australia has yielded no further major oil fields after the discovery of the Gippsland Basin fields in the Bass Strait.

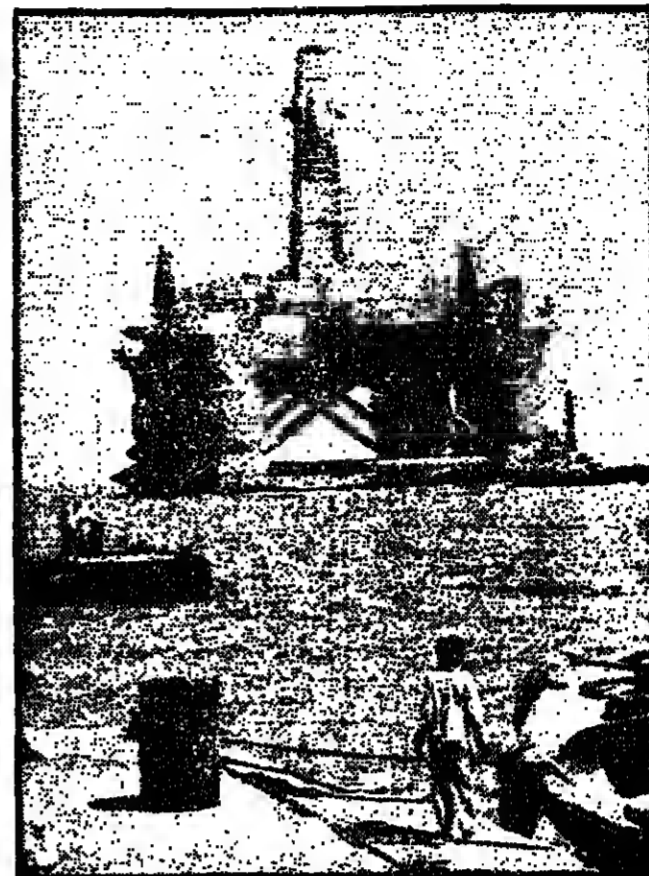
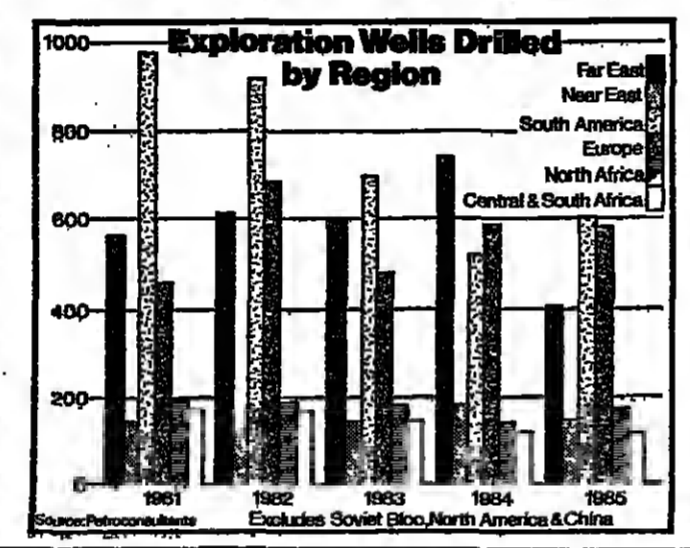
Exploration in the China Seas has been very disappointing. Elsewhere, oil companies have had to weigh a combination of environmental and political hazards which have tended to diminish the attractiveness of exploration.

The fall in oil prices has therefore forced most oil companies not merely to cut exploration and development budgets by 30 to 50 per cent, but to undertake a fundamental re-examination of their strategies.

By Max Wilkinson, Resources Editor

North Slope of Alaska or the Brent and Forties fields in the North Sea do not seem to be high.

During the next 10 years, therefore, the cost of finding and developing new oil sources is generally expected to rise at an increasing rate. In the North Sea, for example, developments in the mid to late 1990s will be in deeper water or will require more advanced techniques for extracting small quantities of oil from difficult strata, or



The rig Polar Pioneer is towed through the Suez Canal en route from Japan to Bergen to begin a five-year contract with Norsk Hydro. It is the biggest object to have negotiated the canal.

assets from competitors more overburdened by debts may well seem preferable to the uncertainties of exploration. So far the major companies in a position to do the buying have been biding their time in the expectation that companies with distressed cash flow will come under greater pressure to sell.

For the stronger independent companies with operations concentrated in the upstream ends of the business, greater integration into the downstream either by merger or acquisition must begin to look relatively more attractive.

From several different points of view, therefore, exploration is likely to be under pressure. Large low-gear companies with an eye to a future recovery of oil price will undoubtedly keep exploring, but they may divert some resources to acquisition.

Small, highly-geared independents are unlikely to be able to afford to explore much even where they see excellent prospects, and the independents with less debt, besides following a prudent capital expenditure plan, may well consider diversification out of upstream oil. British Petroleum's decision to spend some \$500m buying into the US animal feedstuffs industry may provide an example for such companies.

All these varied decisions will be viewed against the generally rising cost of finding and exploiting oil reserves, and an accepted wisdom in the industry that oil prices may remain below \$18 to \$20 per barrel for several years while most Gulf states remain under strong pressure to maximise output to keep up revenues.

However, there is also an overwhelming probability that oil prices will rise again, perhaps very steeply as reserves outside the Gulf begin to run down and the world once again depends on the Arab countries' supplies. This could happen at any time within the next five or six years.

Meanwhile, the greater the depression in prices and the larger the cuts in exploration and development, the greater will be the rebound.

When this happens the oil companies which have prepared themselves to take advantage of recovery will be in a commanding position. Meanwhile, they will need nerve, judgment—and money to make investments which cannot be justified on present prices but depend on a gamble about the timing of the next recovery.

This has ranged from the sharp decisive reaction of Exxon, which announced a 26 per cent cut in capital expenditures this year from a planned \$8bn and a 15 per cent reduction in its workforce, to the much more cautious stance of Royal Dutch/Shell, which emphasised the need for continuity in its exploration programme.

As Mr Clifford Garvin, Exxon's chairman, succinctly remarked: "At \$10 to \$15 per barrel it is simply not as attractive to look for oil as it was before. Moreover, companies that do the looking are going to have less money to do the job."

Shell has tended to emphasise the need to keep up the momentum of exploration as much as possible by cutting costs and finding new and cheaper engineering solutions for developing reserves.

As Mr Bob Reid, chairman of Shell UK said recently: "In the earlier stages of North Sea

development, the emphasis was very largely on speed; maintaining high momentum on projects was the critical factor. In the present climate, the priority is cost and by adjusting our approach significant savings are possible."

Though Shell emphasises that exploration will remain the "seed corn" of the group's future, it seems clear that the development will result in deferments and perhaps a large reduction in annual capital outlays. The distress of the supplying industry is already working with costs for hiring rigs and fabrication pushed dramatically down by competition and oversupply.

In Britain, there have already been claims of "dumping" of oilfield equipment by US companies anxious to recover marginal cost in the North Sea.

Even so, a strategy of replacing oil reserves by buying

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Oil and Gas 2

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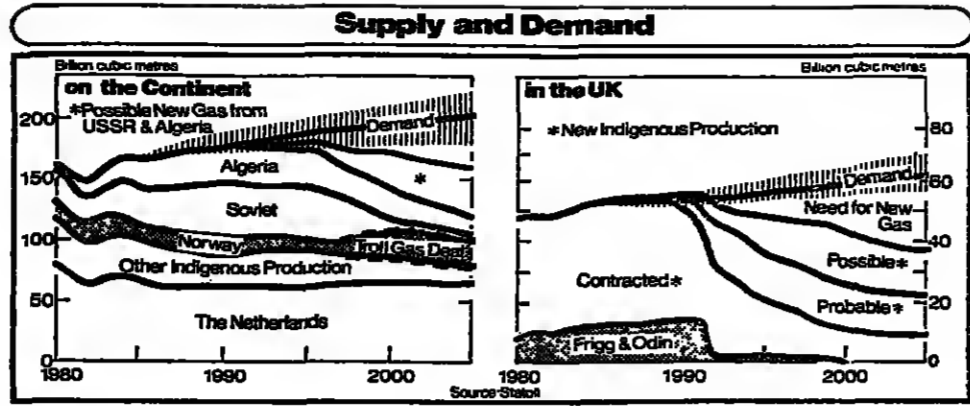
ONSHORE CHINA '86 9/13 DECEMBER 1986

The publishers of Landward Oil & Gas magazine are planning a study group tour to the Onshore China '86 exhibition and conference which will be held in Guangzhou (Canton), China from 9th to 13th December 1986...

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North Sea Rigs standing idle

ANYONE WANTING evidence of the extent of the damage caused by the fall in oil prices to activity in the North Sea need only walk along the beach at Great Yarmouth or Aberdeen and count the number of great steel rigs standing off-shore waiting hopelessly for something to do.

Mr Robert Reid, chairman and chief executive of Shell UK, said: "We shall certainly do what we can to keep up a reasonable level of exploration work. I find it difficult to believe that a hiatus in exploration and appraisal drilling will be allowed to last too long."

Mr Basil Butler, a managing director of BP, forecast a modest recovery in oil prices and pointed out that the planning lead time for most of our activities is five to 10 years, and I find it hard to believe that between now and then prices will not recover significantly, although perhaps not to the level of the early 1980s.

Both BP and Shell presented a conference of energy economists meeting in London last month with a view of the North Sea which if not exactly optimistic, was not uniformly pessimistic either.

Mr Robert Reid, chairman and chief executive of Shell UK, said: "We shall certainly do what we can to keep up a reasonable level of exploration work. I find it difficult to believe that a hiatus in exploration and appraisal drilling will be allowed to last too long."



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Troll Field Gas deal is signed

THE US\$600m Troll/Sleipner gas sales deal looks set to establish Norway as Europe's largest gas exporter. It was signed in June between Statoil and a European consortium led by Ruhrgas AG of West Germany and including BEB and Thyssen AG of West Germany, Gas de France, Belgium's Distrigas and Gasunie of the Netherlands.

Operator for the first phase of Troll development will be Norske Shell. They will install a 30-well platform in 1,100 ft of water in the eastern part of the 46 Tef reservoir. Development of the western part of Troll, which also contains 320m barrels of oil, has been delayed until there is an improvement in the oil price.

There are still several issues to be tackled. Troll straddles four blocks and two licence areas, requiring the resolution of unitisation on Troll, and an extension of the licence period for Troll partners until the year 2020 when the supply agreement expires.

The task will be further complicated by Norsk Hydro's plan to use Troll gas for injection into Oseberg. Hydro plans to install a five-well subsea system, the Troll Module, in 2,000 ft of water in the eastern part of the reservoir. It will deliver about 70m cfd of gas during 10 years.

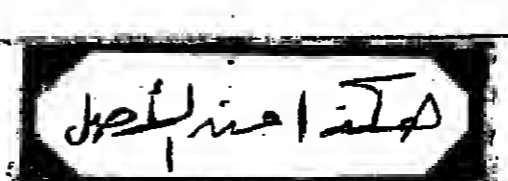
There is still no clear picture how Norway's new taxation will affect the economics of Troll. But clearly, government fears that Europe's reliance on the field would be uneconomic without them, forced the tax changes through.

There is still a question whether the huge influx of Norwegian gas on the European energy market will depress prices. The Troll/Sleipner deal is unusual for Norway in that it is based on a supply rather than a demand contract, and tied to an indexation formula.

For Gas de France Troll/Sleipner gas will be pegged 40 per cent to heavy fuel oil, 35 per cent to domestic fuel oil and 25 per cent to the French inflation rate minus 1 per cent.

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Oil in 1986

Oil and Gas 5

China and world territories

Doubt on China's offshore prospects

THE INITIAL euphoria over China's offshore prospects has now been transformed into a profound disappointment...

thinkers. But the consensus remains yes, even though Chinese officials have been quoted as saying that the companies expected too much too quickly.

According to many who have worked in Chinese oil exploration, structures in the South China Sea are larger and less complex than in the North Sea...

Province. Operations in onshore China would have to be started up from scratch. The huge initial investment required is now-days regarded as almost the exclusive preserve of large companies.

exploration in the short and medium-term. It is technically attractive at oil prices of US\$10 a barrel, the companies say, but add perhaps predictably that Egypt is very bureaucratic and not as flexible as it should be in negotiating contract terms.



concern Ecopetrol, angered the change in the government's reference oil price. But government proposals to drop foreign remittance taxes and to modify depreciation rules have provoked the most vociferous outcry...

Discoveries in the Paris Basin focused a lot of attention on offshore France. The relatively low operating costs similar to UK onshore, should maintain activity at a reasonable level throughout the low oil price period.

Discovery of oil at Thuyem 1 Shell Pecten, and of gas at Al Shaer by Marathon, has persuaded many companies to treat the road to Damascus in recent years.

UK independents

Big fall in value

THE BRITISH independent oil sector is in a mess and knows it. At first sight, of course, a quick survey of the oil and gas companies quoted in sterling on the UK Stock Exchange, does not look too bad.

their highest growth, European refinery capacity was in surplus and integration out of fashion. Everything was not rosy for the UK E&P companies before the oil price collapse.

\$15 a barrel necessary to achieve a more positive cashflow from the North Sea. A sustained period of oil prices in the region of \$12 a barrel for three years could radically alter the attitude of the banks towards supporting the industry.

So they too are selective in what they show to the companies, and compete against one another, as well as against the Ministries.

North Yemen's new licensing round later this year is bound to attract considerable attention, although some companies have expressed concern about operating costs in the country.

Changes in contract terms have also caused considerable confusion to companies operating in Indonesia. Over the years, Indonesian conditions have become less and less attractive.

Elsewhere in the Middle East, companies operating in Turkey are still conscientiously maintaining that even a price of US\$9 a barrel keeps some fields commercial—if they are situated close to an existing pipeline.

Syria and Jordan are willing to discuss terms with companies.

Maria Kielbaso

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Turkey is now a country where investment and subsequent profits can be freely repatriated. Furthermore, the rate of exchange is guaranteed in all repatriation of investment.

The expansion of the TPAO is itself a success story. Founded in 1954 as a joint stock company with a capital of 150 million Turkish Lira TPAO is now a giant corporation listed by Fortune Magazine as 81st in the prestigious list of 'The World's Largest Industrial Corporations.'

Foreign companies are being encouraged to co-operate with TPAO in joint ventures. Several such joint operations are already working successfully, while negotiations with others are proceeding.

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FINANCIAL TIMES

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Monday August 4 1986

Gatt system in peril

THE OUTLOOK for the next round of talks on liberalising world trade, due to be launched in September under the General Agreement on Tariffs and Trade (GATT), has been improved by the events of the last few days. The agreement between Japan and the US on semiconductor trade extends to fast-growing, high technology business, the damaging trends towards bilateral and sectoral deals which have hitherto been largely confined to older industries such as textiles and steel. The Multi Fibre Arrangement, which is contrary to GATT principles even though negotiated under GATT auspices, has been extended to cover a wider range of products.

These events underline once again the growing lack of respect for GATT rules. The central issue in the coming round is whether the move to "managed trade" is accepted as permanent and irreversible, or whether a consensus can be rebuilt in favour of a competitive market economy in which industries adjust to shifts in comparative advantage. A great deal will depend on what leadership is forthcoming from those countries, particularly the US, West Germany and the UK, whose governments are most publicly committed to market-based economic policies.

Key articles
It is true that after nearly 40 years there is a need to update the GATT system and its rules which were in some respects too inflexible. The difficulties with several key articles, including those dealing with anti-dumping, subsidies, customs unions and, most important of all, the provisions for emergency protection against sudden surges of imports. But there is a very strong economic and political case for reasserting the GATT principle of non-discrimination which is the bedrock of the system. Above all, the European Community and the US have to decide what restraints they are prepared to accept on their freedom to take selective action against particular suppliers.

The Mersey sound

LOCAL LABOUR Party policies are often blurry, but the resignation of Mr Robert Kilroy-Silk from the safe Labour Merseyside seat of Knowsley North threatens a small hurricane that could have effects on the party throughout the country. Just as Mr Neil Kinnock seemed to be succeeding in projecting an image of sensible moderation in time for the next general election, the internal divisions are going to surface again, even if the true story of local events is more complex than meets the outside eye.

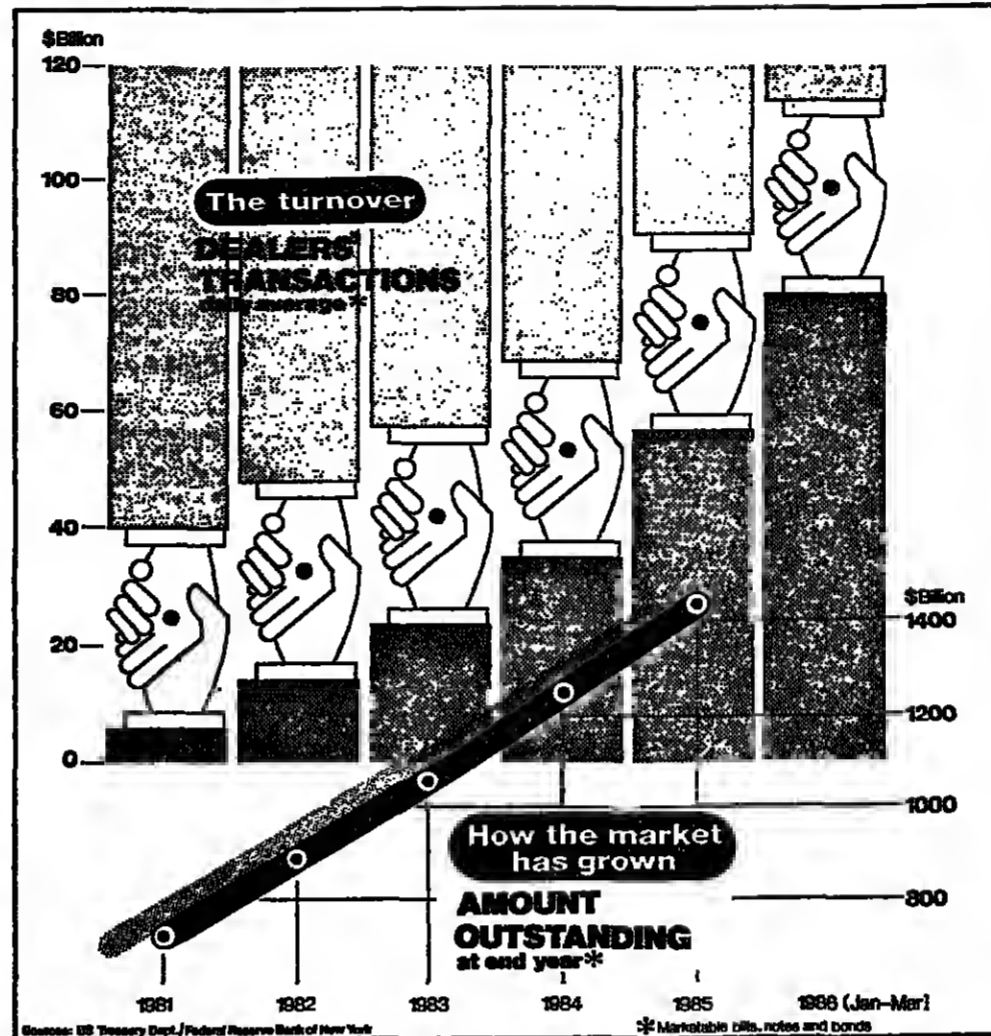
Common cause
Mr Kinnock's problem is how to claim that Labour is no longer in disarray when the evidence from Merseyside suggests that it still is. One option would be to dismiss the area as aberrant in an otherwise united party. But there are too many rank and file Labour supporters are helping to pay their legal costs, and the process of expulsions is not yet complete.

US TREASURY BONDS

The \$100bn a day market

By David Lascelles, Banking Correspondent

MARKETABLE US GOVERNMENT DEBT



IF President Ronald Reagan's economic policies have produced the largest budget deficits the world has ever seen, they have also created the world's greatest financial market in US treasury bonds. This mountain of paper is now so high that it nearly exceeds the government bond markets of all other countries combined, and is about to overtake the capitalisation of the entire New York Stock Exchange. With its annual growth rate of about 300bn, it is expected to reach \$1,650bn by the end of this year.

But worrying though the immensity of this debt may be for Washington and other economic policymakers, the US treasury bond market has acquired a stature all of its own in the world financial services industry. Its dominance is unquestioned. The price of a US treasury bond—probably the soundest and most widely traded instrument which is being introduced as part of the "Big Bang" reform of the City in October.

Since the turnover in the market is enormous and rapid—\$100bn a day is not unusual—dealing profits for a successful house can be substantial. But the market is also, in the words of a foreign banker on Wall Street, "the world's greatest opportunity to lose money." A change of only a quarter per cent in interest rates can mean millions of dollars to a house with a big position in the notoriously volatile long end of the market.

Growing foreign interest in the market has produced a lengthening list of candidates for primary dealership status. At the beginning of this year only one foreign institution, Kleinwort Benson, the UK merchant bank, had taken steps to become a direct member of the market by buying an existing dealer, ACIL Government Securities (through three other banks: Midland Bank, Hongkong and Shanghai Bank and Bank of Montreal, owned stakes in US banks who were primary dealers).

"These suggestions are groundless," said Mr Akira Shimozu, president of Nomura's New York subsidiary whose capital is in the process of being increased from \$60m to \$100m. This operation has been very profitable. He claims Nomura even brought back \$500m of long bonds to ease the squeeze.

Texaco appeals against the clock

IT could be a whole nail-biting year before the US oil major Texaco knows whether the record damages of \$11bn awarded by a Texas court in the Texaco v Pennzoil case will be upheld, reduced, or set aside.

Men and Matters

Journal. Its target audience is the 50m Americans who are said to enjoy reading in the privacy of the bathroom. He will serve a mix of stories dealing with health and fitness, money, sports, fiction, humour, games and horoscopes.



DOE stops play

Bringing a touch of the new world to the old world, American bankers in London like to disport themselves innocently on summer evenings by playing softball in Hyde Park.

But since then Westpac, Australia's largest bank, has bought a small dealer, William E. Pollock Inc, and the Midland has become a member in its own right. At least eight other foreign institutions are on the candidate list: Lloyds Bank, Union Bank of Switzerland, S. G. Warburg, Schroders (through Wertheim, its 50 per cent owned Wall Street affiliate), and the four major Japanese securities houses, Nomura, Daiwa, Nikko and Yamaichi. Several other banks, such as Barclays and NatWest, have indicated their interest.

While Nomura may not be the most welcome new arrival, it is rapidly becoming the major foreign force in the market. Backed by the huge demand for Japanese investors back home, it is already turning over \$2bn-worth a day and should, if all goes to plan, receive official recognition by the end of the year, which would make it the first foreign house to achieve that status in its own right.

Bigger hops

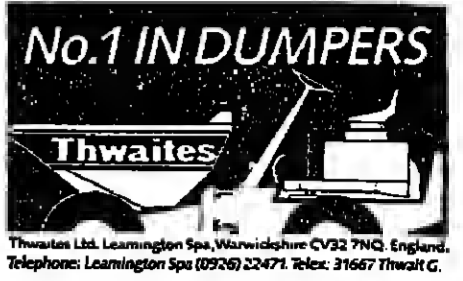
With the prospect of flying London-Sydney in 21 hours 15 minutes from October, when British Airways starts its new one-stop (Bangkok) service, old aviation hands have been reminiscing about the early days on the Kangaroo Route.

No clues

In a local newspaper report of a policeman's recollections, "Our picture shows the happy couple leaving the church under an archway of truncheons held aloft by ten uninformed police officers."

BASE LENDING RATES

Bank	Rate %	Bank	Rate %
ABN Bank	10	Ember Trust Ltd	10 7/8
Allied Arab Bank Ltd	10	Financial & Gen. Sec.	11
Allied Dunbar & Co	10	First Nat. Fin. Corp.	11
Allied Irish Bank	10	First Nat. Sec. Ltd	11
American Express Bk	10	Robert Fleming & Co.	10
Anro Bank	10	Robert Fraser & Pira.	11
Bank of Australia	10	Grindlays Bank	10 3/8
Bank of Canada	10	Guinness Mahon	10
Bank of India	10	Hambro Bank	10
Bank of Ireland	10	Heritable & Gen. Trust	10
Bank of Japan	10	Hill Samuel	10 3/8
Bank of Montreal	10	Bank Credit & Comm.	10
Bank of New Zealand	10	C. Hoare & Co.	10
Bank of Scotland	10	Bank of Cyprus	10
Bank of Singapore	10	Hongkong & Shanghai	10
Bank of South Africa	10	Kenley & Co. Ltd	10 3/4
Bank of Western Australia	10	Lloyds Bank	10
Banque Paribas	10	Mass Westpac Ltd	10
Barclays Bank	10	Meghraj & Sons Ltd	10
Benchmark Trust Ltd	10	Midland Bank	10
Benefit Trust Ltd	11	Mountain Bank	10
Beitler Bank AG	10	National Bk of Kuwait	10
Bk. of East Africa	10	National Girobank	10
Brown Shipley	10	National Westminster	10
Cl. Bank Nederland	10	Northern Bank Ltd	10
Canada Permanent	10	Norwich Gen. Trust	10
Capgem Ltd	10	PK Finance, Intl (UK)	10 1/8
Cedar Holdings	11	Provincial Trust Ltd	11
Charterhouse Bank	10	R. Raphael & Sons	10
Citibank NA	10	Rockingham Guaranttee	10
Citibank Savings	10 3/4	Royal Bank of Scotland	10
City Merchants Bank	10	Royal Trust Co. Canada	10
Clydesdale Bank	10	Standard Chartered	10
Coma. Bk. N. East	10	Trustee Savings Bank	10
Consolidated Credits	10	UDT Mortgage Express	10 1/8
Continental Trust Ltd	10	United Bank of Kuwait	10
Co-operative Bank	10	United Miral Bank	10
The Cyprus Popular Bk.	10	Westpac Banking Corp.	10
Duncan Lewis	10	Yorkshire Ltdlaw	10 1/4
E. T. Trust	11	Yorkshire Bank	10
Equatorial Trst Corp. plc.	10		



SECTION II - COMPANIES AND MARKETS
FINANCIAL TIMES

Monday August 4 1986

Lovell BICENTENARY Two centuries strong and building 1786 1986

STOCK INDEX BONDS

Deutsche Bank launches 'bull and bear' offer

BY CLARE PEARSON IN LONDON

THE FINANCIAL innovation of the year, claimed one West German financial newspaper last week after Deutsche Bank launched a new instrument in the Eurobond market enabling investors to take a five-year punt on the FAZ stock index.

The second kind, linked to US stock indices, provide access to that market for investors, principally in Japan, who either are not allowed or lack the know-how to manage a portfolio of individual US shares.

In the case of SEK's bull bond, the Nikkei Stock Average has to rise to 25,606 for the investor to be redeemed at par at the end of five years. If the index rises to 27,919, the investor is redeemed at 110.59.

Critics of the structure say that moves expected from the Japanese authorities to relax curbs on hedging techniques will destroy the reason for buying index-linked bonds.

The investor in Guinness' bond is redeemed at a minimum of par but at a premium if the index is above the strike rate of 168 at maturity.

Unlike Japanese investors, US investors can trade the S&P Index and many other stock indices on active futures and options markets.

British banks top up with floaters

THE FLOATING rate note market was steadily tapped throughout last week by banks seeking both term and perpetual debt. Demand seemed strong enough to sustain this onslaught and although investors were selective, a number of other issuers were believed to be waiting in the wings, writes Clare Pearson in London.

French state shippers buy Chargeurs unit

BY PAUL BETTS IN PARIS

COMPAGNIE GÉNÉRALE Maritime (CGM), the French state shipping group, is taking over for a symbolic franc Chargeurs Reunis, the loss-making cargo and container ship subsidiary of Chargeurs, the private transport and communications group.

It will enable Chargeurs to shed its loss-making cargo business and concentrate on other industrial and business sectors such as television broadcasting.

However, the merger is not without risk for CGM, which is already undergoing a major restructuring programme.

Chargeurs Reunis, which CGM is taking over, lost FFf 261m last year on sales of about FFf 3.1m.

UAL merger hits snag

UNITED Air Lines (UAL), the largest US domestic carrier, implied at the weekend that its planned takeover of Frontier Airlines from People Express could collapse because it has run into an impasse in negotiations on a new pay scale for pilots, writes Terry Dodsworth in New York.

UAL wants to increase the pay of Frontier captains by 7 per cent a year to bring them to parity with its own pilots in about eight years, a proposal which has been rejected by the Frontier pilots.

Malaysia seeks \$350m

WITH MANY Euro market bankers having decamped to the south of France, virtually no new mandates were awarded last week, writes Alexander Nicoll in London.

Greece's Public Power Corporation increased its loan from \$100m to \$150m with the nine lead managers cutting back their commitments. Credit Focier's \$300m facility was also oversubscribed with commitments totalling over \$400m but is unlikely to be increased.

Advertisement for Floating Rate Notes Due 1998 and 8 1/4% Notes due 1996, featuring logos for Ireland and the European Economic Community, and lists of participating banks.

INTERNATIONAL CAPITAL MARKETS

US MONEY AND CREDIT

Continued Japanese support in some doubt

WILL THEY or won't they? Will Japanese investors come in on the Treasury refunding due this week and shore-up demand as they have over the past few years of record deficits? Or will yields need to go higher to attract the Japanese and other foreigners?

Table with columns: US MONEY MARKET RATES (%), Last Friday, 1 week ago, 4 weeks ago, -12-month High, Low. Rows include Fed Funds, Treasury bills, Treasury notes, Treasury bonds, Commercial Paper.

These questions over foreign support for the US Treasury borrowing programme have been nagging away at the credit market for the best part of the last two weeks. The fear is that the Japanese in particular will be scared away by the currency risk in investing in dollar denominated securities at a time when the tide seems to be flowing increasingly against the American unit.

UK GILTS

THE GOVERNMENT'S offer of index-linked gilts passed off smoothly last week. The tender for £400m of 2 1/2 per cent index-linked 2018 stock was well subscribed, and not enough stock was left to operate as a top.

Some dealers were arguing earlier in the week that the long bond yield might have to be pushed right up to 8.0 per cent to get the auction away from an extreme view. The consensus came closer to the 7.50 per cent to 7.60 per cent range, and there were a few analysts prepared to bet that the Japanese would not be as reluctant as the pessimists believed.

For a Japanese investor, the bill was a year ago, says Mr William G. Griggs of Griggs & Santow, who argues that there is no room for a further precipitous fall in the US currency of the

type that has occurred over the last 12 months. "In addition, rates are still attractive here relative to other places abroad, and the US remains a comfortable place to invest."

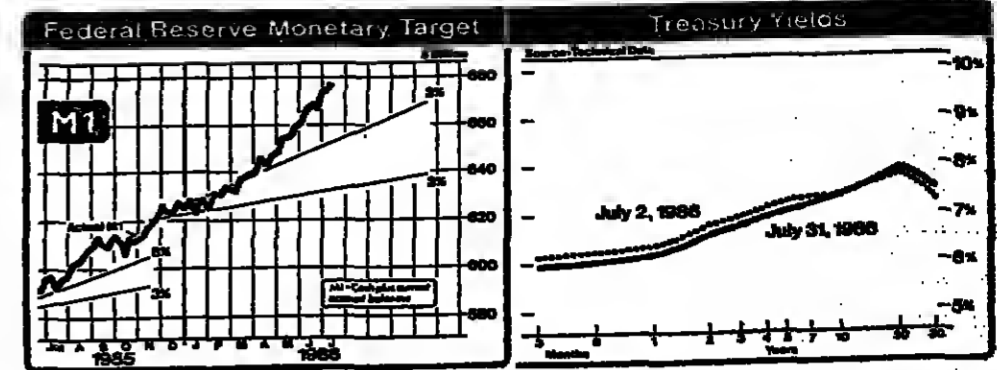
The first move to rally in the face of the bearish views on Japanese intentions came on Tuesday, mainly in response to some unexpectedly clear-cut comments on interest rates from Mr Paul Volcker, chairman of the Federal Reserve, and usually a master of the ruminic phrase.

And that there was room for more reductions in interest rates - long-term rates, he said, were high relative to inflation. The market recovered its nerve, and there was room for more reductions in interest rates.

From then on, the market ran into choppy waters, throwing back and forth and forwards in relatively light trading by conflicting economic news. On Wednesday, the announcement that the Treasury was planning

to issue \$28.5 bn in the refunding knocked prices back a little as investors were forced to focus yet again on the prodigious hunger of the US Treasury. But on Thursday, more evidence of an anaemic growth - new orders for manufactured goods were down by 0.3 per cent in June - helped bond prices recover some of their lost ground.

Only a day later, however, investors were having to reconsider the economic numbers. The latest economic indicator statistics came in to show a 0.5 per cent rise in June, well above Wall Street's expectations of around 0.1 per cent, while new unemployment figures showed a fall to 6.5 per cent in July, the lowest since January, and a significant fall from the 7 per cent recorded in the previous month.



These figures clearly keep the guessing game on the economy well and truly open for the time being. Leaving Wall Street growth estimates for the current half year all over the place, from zero to 3 or 4 per cent. Mr David Jones of Austin Latham & Hunt summed up these conflicting forces in the following way: "To an unprecedented degree," he wrote in his weekly analysis, "the US economy is split into two opposing forces. As the second quarter came to a close the negative forces seemed to be threatening to pull the economy into recession. However, stronger employment data last Friday suggest that at least a moderate second half rebound may be in the offing."

Terry Dodsworth

FT/AIBD INTERNATIONAL BOND SERVICE

Large table listing international bonds with columns for Issued, Price, Chg, and Yield. Includes sections for US DOLLAR, CANADIAN DOLLAR, AUSTRALIAN DOLLAR, and EUROPEAN DOLLAR.

Advertisement for Loewen, Ondaatje, McCutcheon Inc. featuring a large image of a globe and text: "Can. \$30,000,000", "2,500,000 Common Shares", "Merrill Lynch Capital Markets", "acted as financial advisor to Loewen, Ondaatje, McCutcheon Inc. and sole underwriter of these securities.", "Union Bank of Switzerland (Securities) Limited", "acted as a distributor of these securities."

Handwritten signature: "John..."

UK COMPANY NEWS

Eleco launches fierce attack on Whitecroft

BY RICHARD TOMKINS

Eleco, the construction, engineering and property group...

acceptances accounted for a "meagre" 229,380 shares...

generally Mr Webster described this valuation as "fair".

Whitecroft is offering three of its own shares for every five of Eleco's...

Eleco dismissed this offer as grossly inadequate and said that, at the first closing date,

Stewart Nairn reorganisation

TERMS HAVE been announced for the reorganisation of Stewart Nairn Group...

£905,417. Total consideration will be just over £7.5m.

purchase of Ossory Investments and Bence Lane Development for £4,189,000...

Globe Inv. ahead of targets

Globe Investment Trust announced yesterday that it had beaten growth targets for both income and net asset value...

Renold profit warning

Sir Campbell Adamson, the chairman of Renold, told the annual meeting on Friday that the hiccup in demand since March would greatly affect the first half results.

continued would determine the outlook for the year. For the annual meeting on Friday the pre-tax result was £7.6m (24.5m).

Cardif Property

Cardif Property reported increased pre-tax profits for the six months to the end of March 1986 of £12,302 against £4,870 last time.

SHANDWICK PURCHASE

Shandwick, one of the UK's largest public relations companies, has agreed to acquire for £247.100 Business Image, a public relations company which specialises in high technology industries.

Guinness in talks on Scottish hotels sale

By Richard Tomkins

Guinness, the drinks conglomerate, is understood to be in detailed negotiations over the sale of two of Scotland's best-known hotels to Norfolk Capital, the hotel group, for about £25m.

The hotels are the newly refurbished Caledonia and the North British, both in Princes Street, Edinburgh.

Both hotels had always previously had Scottish owners and their disposal to a London-based company with no other Scottish interests could re-awaken concern about Guinness's attitude towards its Scottish constituents.

The group's chief executive, Mr Ernest Saunders, was last month involved in a furore over his decision not to appoint Sir Thomas Biss, governor of the Bank of Scotland, as non-executive chairman of the group.

Mr Rodney Harnett, chairman of Hobson, the loss-making USM start-up venture which went through a reorganisation last month, has increased his shareholding from 1.2m to 2.5m shares. He now has a 9.6 per cent stake.

Neepsend in loss despite better trend

BY NIGEL CLARK

Neepsend, Sheffield-based engineer, made profits in the second half of 1985-86 but they were not as high as the directors had hoped and failed to wipe out the losses of the first six months.

"I would not like to forecast the outcome but despite things being a bit sluggish we are achieving our budgets," he said.

Mr Frank Wright, managing director, said that they had been hoping to recoup the write-downs made in the first half but they did not get the full benefit of their actions.

Finance charges however took £649,000 (£768,000). Below the line there were extraordinary credits of £495,000 (£42,000) mainly from the profit on the sale of Sheffield Machine Knife to give an attributable profit of £374,000 (£373,000).

With tax of £24,000 (£32,000) and minority credits of £4,000 (£10,000), there was a loss per share of 0.88p, against earnings of 2.44p. The directors are recommending an unchanged single final payment of 0.1p.

The problems in the first half were the result of the falling price of molybdenum. There was a write-down in stocks at the Ferro Alloys and Metals subsidiary costing, in effect, £500,000.

The price of molybdenum has stabilised but Mr Wright remained cautious about the prospects for the present half.

PENDING DIVIDENDS

Dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table.

Table with columns: Company Name, Date, Amount, Dividend Type. Includes AMEC, Aut and Wilson, BCI, BGC, etc.

BOARD MEETINGS

Table with columns: Company Name, Date, Location. Includes Commercial, Concor, Metal Bulletin, etc.

FT SHARE INFORMATION

The following securities have been added to the Share Information Service (Section: Newspapers, Publishers, Arlington Securities (Property), Hodgson Holdings (Industrials)).

WYKO GROUP PLC

Worldwide distributors of bearings and power transmission components; manufacturers and dealers in equipment for energy, metalworking and other industries.

- Record sales and profits in all divisions in first full year as a public company, but results were adversely affected by exchange movements. UK Manufacturing order books for first quarter of current year are satisfactory. Prospects to expand Distribution remain good.

Financial Summary to April 30th 1986. Turnover: 29,623; Pre-tax profit: 1,892.

Granville & Co. Limited

Table with columns: Capital, Company, Price, Change, Yield, P/E. Includes 4.416, 4.980, 4.267, etc.

Hobson chief lifts stake

Mr Rodney Harnett, chairman of Hobson, the loss-making USM start-up venture which went through a reorganisation last month, has increased his shareholding from 1.2m to 2.5m shares.

rights to 600,000 shares under the terms of last month's rights issue, but has renounced his rights to 160,000 shares and has disposed of 300,000 cam rights.

The company came to the market in 1984 to develop a process for making extrusion dies. However, it has yet to trade and has been troubled since its formation by bitter boardroom wrangles.

BRITISH COLUMBIA HYDRO AND POWER AUTHORITY

14 1/2% U.S. Dollar Notes Series FE, due 1988. Security Reference No. 468 377.

Notice of redemption

Pursuant to Article 5 of the Terms and Conditions of the Notes, we hereby announce that all outstanding Notes of the above issue in the nominal amount of U.S.\$100,000,000 are to be redeemed on October 29, 1986 at a price of 101% of their principal amount.

- (a) In the United States of America: at European-American Bank and Trust Company, New York; outside the United States of America at the head offices of the banks listed below, in accordance with the Conditions of Issue.

BRITISH COLUMBIA HYDRO AND POWER AUTHORITY

NOTICE OF PREPAYMENT

The Dai-ichi Kangyo Bank, Limited (Incorporated with limited liability in Japan) US\$50,000,000 Callable Negotiable Floating Rate Dollar Certificates of Deposit

Nos. 000001 to 000050, issued on 15th September 1982. Maturity Date 18th September 1987. Optionally Callable in September 1986.

Notice is hereby given that in accordance with Clause 3 of the Certificates of Deposit (the "Certificates") The Dai-ichi Kangyo Bank, Limited (the "Bank") will prepay all outstanding Certificates on 18th September 1986 (the "Prepayment Date"), at their principal amount.

Payment of the principal amount, together with accrued interest to the Prepayment Date, will be made on the Prepayment Date against presentation and surrender of the Certificates at the London Branch of the Bank. Interest will cease to accrue in the Certificates on the Prepayment Date.

The Dai-ichi Kangyo Bank, Limited London Branch P&O Building, Leadenhall Street, London EC3V 4PA 4th August 1986

NOTICE TO HOLDERS OF UNITS IN THE KOREA TRUST

NOTICE IS HEREBY GIVEN that the Manager for the subject Trust, Daehan Investment Trust Co., has confirmed that the Trust is to be made on and after August 1, 1986. Record date for this payment was July 1, 1986.

Unit holders may now present Coupon No. 5 to the paying agents below. Value of the units is WON 477 per unit which will be paid in U.S. dollars at the current dollar selling rate quoted by the Korea Exchange Bank on the day that remittance of dividends is effected.

COMPANY NEWS IN BRIEF. OCEAN TRANSPORT and Trading - Mr Ron Brierley's IEP Securities has spent over £5m adding 2.5m shares to its IEP...

FINANCIAL TIMES STOCK INDICES. Table with columns: Index Name, August 31, July 30, July 29, July 28, July 27, High, Low, 1986, 1985, % Change. Includes Government Secs, Fixed Interest, Ordinary, FT-All Share, FT-SE 100.

(26.1 per cent) of Swindon Hospital. HANSON INDUSTRIES has sold the assets and liabilities of its Brookwood Furniture Company to an investment group led by the company's management for some £8.5m (£3.2m). Brookwood had sales of £2.2m and a pre-tax profit of \$819,000 in the year to September, 1985.

CAMBERIAN AND GENERAL Securities net asset value at June 30, 1986, was 190.24p (116.67p) per ordinary share or 319.26p (142.37p) per capital share.

ELECTRA INVESTMENT Trust's net asset value at June 30, 1986, was 137.27p (137.36p) per 25p share adjusted for potential dividend factors, or 206.07p (158.42p) unadjusted.

SCANRO HOLDINGS has agreed to acquire Trimdon Clothing Company for £482,000 cash subject to shareholders' approval at an EGM. Trimdon, which is based in County Durham, employs 187 people, and manufactures a range of sports and leisurewear.

WHEWEY is buying, through its subsidiary, Wwey Distribution, certain assets of the fasteners distribution business of Fastener House, including trade names, fixed assets and stock and cash for £814,000. The consideration is being satisfied by the issue of 3.15m new ordinary shares at 26p each.

Changes in company share stakes announced over the past week included: Cosalt - Director J. Ross sold 24,853 shares and holds 494,147 (4.87 per cent). Argyll Group - Kuwait Investment Office holds 14m ordinary (7.066 per cent).

LADBROKE INDEX 1,276,1282 (-2) Based on FT Index Tel: 01-427 4411

ENDS

Company directors are given a year to complete their duties...

GS

FUTURE DATES

ATION

Drapers & Sons... (PH) 50p...

fits in all... results were... exchange

order books... rent year

Distribution

at 10th 1986

its 1985 \$0

Limited

EQUITIES

Table of equity prices including columns for Stock, Price, and % change.

FIXED INTEREST STOCKS

Table of fixed interest stocks including columns for Stock, Price, and % change.

"RIGHTS" OFFERS

Table of rights offers including columns for Stock, Price, and % change.

FT CROSSWORD PUZZLE No. 6090

PROTEUS

Crossword puzzle grid with numbers 1-30.

ACROSS: 1 Come to grips with equipment... DOWN: 1 Passage about art isn't necessary...

AUTHORISED UNIT TRUSTS

Large table of authorized unit trusts with columns for Trust Name, Price, and % change.

FT UNIT TRUST INFORMATION SERVICE

Large table of unit trust information with columns for Trust Name, Price, and % change.

AUTHORISED UNIT TRUSTS & INSURANCES

Main table containing financial data for various unit trusts and insurance companies, including columns for company names, unit prices, and performance metrics.

INSURANCES

Table listing various insurance policies and their associated costs, including life insurance, health insurance, and other financial products.

Handwritten signature or mark at the bottom center of the page.

July 1980

INSURANCE, OVERSEAS & MONEY FUNDS

Table listing various insurance and overseas fund products with columns for name, details, and prices.

Table listing insurance and overseas fund products, including 'Foreign & Colonial Management Ltd' and 'Hill General Investment Mgmt Ltd SA'.

Table listing money funds, including 'J. Henry Schroder Waggs & Co Ltd' and 'Waring & Goring Money Funds'.

Table listing management services, including 'Charterhouse Bank' and 'Charterhouse Fund Mgmt. (G.I.) Ltd'.

Table listing insurance and overseas fund products, including 'Franklin Templeton Investment' and 'Hill General Investment Mgmt Ltd SA'.

Table listing money funds, including 'Waring & Goring Money Funds' and 'Waring & Goring Money Funds'.

Table listing offshore and overseas fund products, including 'Offshore and Overseas' and 'Offshore and Overseas'.

Table listing insurance and overseas fund products, including 'Franklin Templeton Investment' and 'Hill General Investment Mgmt Ltd SA'.

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Table listing insurance and overseas fund products, including 'Franklin Templeton Investment' and 'Hill General Investment Mgmt Ltd SA'.

Table listing money funds, including 'Waring & Goring Money Funds' and 'Waring & Goring Money Funds'.

Additional text and notes at the bottom of the page, including 'Money Market Bank Accounts' and 'Traditional Options'.

BRITISH FUNDS

Table of British Funds with columns for Name, Price, Dividend, and Yield. Includes sections for 'Shorts' (Lives up to Five Years), 'Five to Fifteen Years', and 'Over Fifteen Years'.

Undated

Table of undated funds with columns for Name, Price, Dividend, and Yield.

Index-Linked

Table of index-linked funds with columns for Name, Price, Dividend, and Yield.

INT. BANK AND O'SEAS

GOVT. STERLING ISSUES

Table of government sterling issues with columns for Name, Price, Dividend, and Yield.

COMMONWEALTH & AFRICAN LOANS

COOPERATION LOANS

Public Board and Ind.

FINANCIAL

FOREIGN BONDS & RAILS

AMERICANS

Table of American stocks with columns for Name, Price, Dividend, and Yield.

AMERICANS

Table of American stocks with columns for Name, Price, Dividend, and Yield.

CANADIANS

Table of Canadian stocks with columns for Name, Price, Dividend, and Yield.

BANKS, HP & LEASING

Table of banks, HP, and leasing companies with columns for Name, Price, Dividend, and Yield.

COOPERATION LOANS

Public Board and Ind.

FINANCIAL

FOREIGN BONDS & RAILS

AMERICANS

Table of American stocks with columns for Name, Price, Dividend, and Yield.

LONDON SHARE SERVICE

BUILDING, TIMBER, ROADS - Cont.

Table of building, timber, and roads stocks with columns for Name, Price, Dividend, and Yield.

CHEMICALS, PLASTICS

Table of chemical and plastic stocks with columns for Name, Price, Dividend, and Yield.

DRAPERY & STORES - Cont.

Table of drapery and stores stocks with columns for Name, Price, Dividend, and Yield.

DRAPERY & STORES

Table of drapery and stores stocks with columns for Name, Price, Dividend, and Yield.

BEERS, WINES & SPIRITS

Table of beer, wine, and spirit stocks with columns for Name, Price, Dividend, and Yield.

BUILDING, TIMBER, ROADS

Table of building, timber, and roads stocks with columns for Name, Price, Dividend, and Yield.

COOPERATION LOANS

Public Board and Ind.

FINANCIAL

FOREIGN BONDS & RAILS

AMERICANS

Table of American stocks with columns for Name, Price, Dividend, and Yield.

ENGINEERING - Continued

Table of engineering stocks with columns for Name, Price, Dividend, and Yield.

INDUSTRIALS - Continued

Table of industrial stocks with columns for Name, Price, Dividend, and Yield.

INDUSTRIALS - Continued

Table of industrial stocks with columns for Name, Price, Dividend, and Yield.

Handwritten signature or mark at the bottom center of the page.

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INDUSTRIALS—Continued

Table of industrial stocks including Johnson Controls, Johnson & Johnson, and various other companies with columns for stock price, dividends, and yields.

PROPERTY—Continued

Table of property stocks including American International, American Realty, and various other real estate companies.

INVESTMENT TRUSTS—Cont.

Table of investment trusts including American Mutual, American Fund, and various other investment vehicles.

FINANCE, LAND—Cont.

Table of finance and land stocks including American Finance, American Land, and various other financial institutions.

MINES—Continued

Table of mining stocks including American Mines, American Gold, and various other mining companies.

MOTORS, AIRCRAFT TRADES

Table of motor and aircraft trade stocks including American Motors, Boeing, and various other automotive and aerospace companies.

NEWSPAPERS, PUBLISHERS

Table of newspaper and publisher stocks including American Newspapers, American Publishers, and various other media companies.

SHOES AND LEATHER

Table of shoe and leather stocks including American Shoes, American Leather, and various other footwear companies.

OVERSEAS TRADERS

Table of overseas trader stocks including American Overseas, American Traders, and various other international trade companies.

PLANTATIONS

Table of plantation stocks including American Plantations, American Rubber, and various other agricultural companies.

INSURANCES

Table of insurance stocks including American Insurance, American Life, and various other insurance companies.

PROPERTY

Table of property stocks including American Property, American Real Estate, and various other real estate companies.

TOBACCO

Table of tobacco stocks including American Tobacco, American Cigarettes, and various other tobacco companies.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land stocks including American Trusts, American Finance, and various other financial institutions.

MINES

Table of mining stocks including American Mines, American Gold, and various other mining companies.

Notes and miscellaneous information at the bottom of the page, including a disclaimer and contact information.

Bryant
construction
021-704 5111
0344 426688
SOLIHULL
BRACKNELL

CONSTRUCTION CONTRACTS INTERNATIONAL APPOINTMENTS

New Crown Courts for Derby

R. M. DOUGLAS CONSTRUCTION has received orders for £13.2m construction contracts. Work has started on the £5.5m Derby Crown Courts for the Property Services Agency, scheduled for completion in 22 months. The City of Birmingham has awarded a £394,000 design and build contract for industrial units at the Woodgate Business

Park. Protea Commercial Properties has awarded a £750,000 design and build contract for a factory unit at the Tingewick Road Industrial Estate in Buckingham. An order of £350,000 for concrete storage bunkers at English China Clay's quarry at Croft in Leicester is under construction. Site works will soon start on a design and construct

contract of £1.9m for the London Borough of Ealing's first and junior school at Hayes Bridge. Orders worth £1.25m have been received in South Wales for building a grandstand and changing rooms at Eugene Cross Park in Ebbw Vale, a factory in Ynyceudwn for Apex Packaging, and a fitting-out contract for Texas Homecare in Swansea.

Crown House gains £27m

CROWN HOUSE ENGINEERING has won 21 contracts across the UK for mechanical and electrical services with a total value of over £27m. Contracts for the commercial / industrial sector total £19m and include £3.75m worth of mechanical services for NEC at Livingston (Scotland) and a £5.9m mechanical and electrical services contract as part of the refurbishment of the Old Billingsgate Market in London. Orders include five hospital contracts (£6m) and a further three for the public sector valued at £2.2m.

Two contracts worth more than £5m have been awarded to JAMES SCOTT, mechanical and electrical services, for work at defence establishments. At £7.1m, the major project involves heating, ventilating, lighting, electrical services and fuel storage in 21 hardened aircraft shelters, which ARC Construction is building for the Property Services Agency at RAF Leeming in North Yorkshire. The project is scheduled for completion in May 1988. The other contract is for the Army garrison at Tidworth, where James Scott is to install heating, ventilating, compressed air and exhaust extraction systems in motor transport buildings. Work is due to start in early 1987 with completion programmed for late in the same year. The main contractor is Rusb and Tompkins (South West).

Following the completion of a detailed front end study, MATTHEW HALL NORCAIN ENGINEERING, Southampton, has been awarded a £6m contract for project management, engineering design, procurement and construction of ophthalmic and sterile facilities for The Boots Co at Epsom. The project consists of ophthalmic and sterile production, manufacturing, preparation, warehousing and packing areas. Associated plant rooms are located at mezzanine level, containing HVAC equipment and at ground level, process plant, vessels, pumps, distillation plant and process support services. Construction is expected to be completed in the latter part of 1987.

Hi-tech office complex in Reading

J. M. JONES & SONS has won a £4m contract to develop a hi-tech office complex at Gillette Way, Reading. The project, on a 4.2-acre site, will provide about 9,000 sq metres floor space. The two-storey building will be built with a fully fitted first floor and the ground floor completed to shell and core, enabling tenants to design their own standards finish. Car parking for 384 cars will be available. The client is Beacontree Estates. The company has a £2m contract to develop an office block at 47-8, Brighton Road, Redhill. The project provides about 3,035 sq metres. The four-storey brick-clad building will be built on piled foundations with a reinforced concrete post tensioned frame. There will be car parking for 72. The client is Interland Estates. The final order is for £1.25m to refurbish and redevelop an office block at 1 London Road, Slough, also for Beacontree Estates.

WILLIAM SANCOTE AND SONS has won nine contracts in the west Midlands totalling more than £7m. They include a £2m improvement scheme at the Barber Institute of Fine Arts. The contract involves a mechanical installation to provide controlled environmental conditions throughout the building and an extensive roof structure to house the equipment. Scottish Widows Fund is having work worth £1.7m undertaken at its Edmund Street property. It includes a new office building (150-168 Edmund Street) and restoration of listed building on the corner of Church Street.

Under a £6.77m design and build contract, Sir Robert McAuliffe & Sons has started work on the Westbrook Centre, an office development/research centre in Cambridge, for Trafford Park Estates. On a 160 metre by 100 metre site next to Cambridge City Football Ground, the centre will have three adjoining three-storey blocks of concrete frame construction. Work includes installation of lifts. The centre will have a total floor area of 14,300 sq metres.

Headquarters in Cambridge for RAF

CONDOR PROJECTS SOUTHERN has been awarded its largest ever PSA contract (£9m) for offices for headquarters, Royal Air Force Support Command, Brampton, Cambridge. The previous building was destroyed by fire in October 1985. The development and construction contract awarded required Condor to complete the work in 78 weeks. The building is of three storeys with a floor area of 9,900 sq metres arranged around two central courtyards with an additional wing containing a conference suite.

OVERSEAS

Store columns for stability

GKN KELLER has won a £3.7m contract with Cologne traffic department for vibro-compaction of an eight hectare tram yard site in Cologne, West Germany. It is believed to be the largest vibro-compaction contract currently underway in the world. The 15-month project involves installing 20,000 columns of stone in the ground to increase its shear strength and bearing capacity. The site was formerly a rubbish tip and consists of loose filled organic household waste up to a depth of 19 metres.

TAYLOR WOODROW CONSTRUCTION CORPORATION, New York, has been awarded two contracts, worth a total of \$5.3m (£3.5m), for work in Canada and the US. The larger order, valued at \$3m, has been placed by Mosarch Construction, another member of the Taylor Woodrow Group, for the construction management of a new 482-bay parking garage adjacent to its Heron's Hill office development in Willowdale, Ontario, Canada. The other contract, worth \$2.3m, is for renovations to two buildings at the Acton Boxborough Teaching Facility in Massachusetts.

French groups due for privatisation name chiefs

BY PAUL BETTS IN PARIS

TWO NEW managing directors have been appointed to two of France's major nationalised groups due to be privatised by the French conservative government.

Mr Jacques Henri David has been appointed as managing director of Saint Gobain, the glass and pipes group which is a prime target for early privatisation, while Mr Jean-Paul Delacour has become the managing director of Societe Generale, the country's largest commercial bank.

Mr David was finance director of Saint Gobain. He joined the glass and pipes group with annual sales of about FFr 75bn

in 1984. He previously worked at the Banque de France and was a close collaborator between 1979 and 1981 of Mr Rene Monory, the new French education minister when he was minister of finance and economy.

Mr David will be number two at Saint Gobain behind Mr Jean-Louis Beffa, the chairman who was reconfirmed in his post by the conservative government of Mr Jacques Chirac last week.

The appointment of Mr Delacour as managing director and number two of Societe Generale follows the nomination by the government last week of Mr Marc Vienot, the former managing director, as chairman of the

large state bank. Mr Vienot replaced Mr Jacques Mayoux as chairman of Societe Generale. Mr Delacour has worked for Societe Generale since 1968 and was a deputy managing director of the bank.

Changes are also taking place at Renault, the large state-owned car group, where Mr Guy Bergeaud has been appointed the new head of Renault's large French commercial and marketing operations. He replaces Mr Hubert d'Artemare who has decided to leave the car group.

Mr Bergeaud has been in charge of Renault UK for the past two years. Before joining Renault, he worked at Volkswagen and previously at Ford.

Swiss bank completes reshuffle

MR ADOLF BRAENDLE, deputy general manager of Bank Len, based in Zurich, has been appointed board chairman of its Bahamas subsidiary, Bank Len International.

This follows the Nassau bank's involvement in alleged insider dealing by Mr Dennis Levine, formerly a leading executive of Drexel Burnham Lambert, the Wall Street investment house.

The Zurich parent bank has now completely changed the Bahamas subsidiary's management and board. Mr Braendle takes over the chairman's post from Mr Hans Knappf, who remains management chairman of Bank Len in Switzerland.

MARINE MIDLAND BANKS, the New York Bank owned 51 per cent by Hongkong and Shanghai Banking Corporation, of Hong Kong, has appointed Mr Geoffrey A. Thompson president and chief operating officer from the end of the year. Mr Thompson is currently head of consumer and commercial banking, a post he retains. He has also been elected to the board.

Mr Thompson is Marine Midland's first president since 1983, when Mr John R. Fretry moved up to the pasts he now holds of chairman and chief executive.

SIR ROBERT COTTON, former Ambassador of Australia to the US, has been appointed to the board of Hill and Knowlton, the international public relations concern, which is part of the JWT Group of the US.

Sunderland to have ASDA superstore

ASDA has awarded a £4m contract to WIMPEY CONSTRUCTION UK for a new ASDA superstore to be constructed at Sunderland, Tyne & Wear. The Sunderland development will total some 6,082 sq metres and comprise a superstore with 4,057 sq metres single-level sales area, with office and staff accommodation at first-floor level. The store will be of steel frame construction in faced brick-work beneath a pitched, tiled, mansard-style roof. Due to the local ground conditions the building is supported on 380 piles with strengthened ground beams. The ground level car park provides 546 spaces. When completed in September, the superstore is expected to create 450 jobs locally.

Theatre to be built in Basildon

WIMPEY CONSTRUCTION MANAGEMENT has been awarded a £3.26m management contract by Basildon District Council for the development of a theatre complex in Basildon, Essex. To be known as the Towngate Theatre, it is to be built on the site of a car park. The theatre will be a two-storey structure, but with different roof levels at 6.6-12 metres and a structural steel fly tower 22 metres high. The development, due for completion February 1988, is intended to cater for touring productions of all forms and the theatre will feature a 550-seat multi-purpose main auditorium linked by the foyer system to a studio seating up to 200. Administration areas, bars and back stage accommodation are included, together with lifts, air conditioning and theatre equipment.

JOHN BROWN has been awarded a contract from May & Baker for a new pharmaceutical chemicals plant at its Dagenham site. The design and construct contract, worth about £10m, is due for completion early in 1987.

Former minister to head Venezuelan central bank

BY JOSEPH MANN IN CARACAS

MR HERNAN ANZOLA JIMENEZ, formerly Minister for State Companies, has been appointed as president of the Central Bank of Venezuela.

Mr Anzola, who also served the current administration as Vice Minister of Energy and Mines and a board member of the Central Bank, replaces Mr Benito Raul Losada, who has been president of the bank since the current government took office in early 1984.

Mr Anzola is viewed here as one of the brightest and most

experienced members of the administration. His appointment to the post, which runs for a five-year period, was made by President Jaime Lusinchi.

This change does not signal any problems or major policy shifts at the Central Bank. Mr Losada, a former Minister of Finance, who held the central bank presidency during the 1970s, received high praise from bankers here for his work at the institution, where he followed a conservative monetary policy that helped keep inflation under

control and maintained monetary growth within strict limits.

Mr Losada's term turned out to be less than the normal five-year period since he was appointed by President Lusinchi in 1984 to replace Mr Leopoldo Diaz Bruzual, the head of the institution at that time.

Mr Bruzual, a highly controversial figure who once suggested that Venezuelans move their money abroad, was unacceptable to the present government and was viewed as unstable by the international banking community.

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AUSTRIA

Table of stock prices for Austria, including columns for 1986 High, 1986 Low, August 1 Price, and August 2 Price.

GERMANY

Table of stock prices for Germany, including columns for 1986 High, 1986 Low, August 1 Price, and August 2 Price.

AUSTRALIA

Table of stock prices for Australia, including columns for 1986 High, 1986 Low, August 1 Price, and August 2 Price.

JAPAN

Table of stock prices for Japan, including columns for 1986 High, 1986 Low, August 1 Price, and August 2 Price.

CANADA

Table of stock prices for Canada, including columns for 1986 High, 1986 Low, August 1 Price, and August 2 Price.

BELGIUM/LUXEMBOURG

Table of stock prices for Belgium/Luxembourg, including columns for 1986 High, 1986 Low, August 1 Price, and August 2 Price.

DENMARK

Table of stock prices for Denmark, including columns for 1986 High, 1986 Low, August 1 Price, and August 2 Price.

NETHERLANDS

Table of stock prices for Netherlands, including columns for 1986 High, 1986 Low, August 1 Price, and August 2 Price.

ITALY

Table of stock prices for Italy, including columns for 1986 High, 1986 Low, August 1 Price, and August 2 Price.

TORONTO

Prices of 2.30pm August 1

Table of stock prices for Toronto, including columns for Sales, Stock, High, Low, Last, and Chng.

FRANCE

Table of stock prices for France, including columns for 1986 High, 1986 Low, August 1 Price, and August 2 Price.

SWEDEN

Table of stock prices for Sweden, including columns for 1986 High, 1986 Low, August 1 Price, and August 2 Price.

SWITZERLAND

Table of stock prices for Switzerland, including columns for 1986 High, 1986 Low, August 1 Price, and August 2 Price.

NORWAY

Table of stock prices for Norway, including columns for 1986 High, 1986 Low, August 1 Price, and August 2 Price.

SINGAPORE

Table of stock prices for Singapore, including columns for 1986 High, 1986 Low, August 1 Price, and August 2 Price.

SPAIN

Table of stock prices for Spain, including columns for 1986 High, 1986 Low, August 1 Price, and August 2 Price.

SOUTH AFRICA

Table of stock prices for South Africa, including columns for 1986 High, 1986 Low, August 1 Price, and August 2 Price.

NEW YORK

Table of stock prices for New York, including columns for GOW, INDICES, and various market indices.

INDICES

Table of stock indices for various countries, including columns for Aug 1, Aug 2, July 26, July 27, July 28, July 29, July 30, and 1986 High/Low.

CANADA

Table of stock prices for Canada, including columns for Toronto, Montreal, and various market indices.

NEW YORK ACTIVE STOCKS

Table of active stocks in New York, including columns for Friday, Stocks Closing, and various market data.

OVER-THE-COUNTER

Nasdaq national market, closing prices August 1

Large table of over-the-counter stock prices, including columns for Stock, Sales, High, Low, Last, and Chng.

Special Subscription advertisement for 'The Financial Times' in Belgium & Luxembourg, featuring a map of the region.

Special Subscription advertisement for 'The Financial Times' in Oslo & Stavanger, featuring a map of the region.

NEW YORK STOCK EXCHANGE CLOSING PRICES

Closing prices, August 1

Main table of stock closing prices with columns for stock name, price, and change. Includes sub-sections for 'D D', 'C C', 'H H', and 'M M'.

Handwritten signature or scribble at the bottom of the page.

NYSE COMPOSITE CLOSING PRICES

Table of NYSE Composite Closing Prices for August 1, 1988. Columns include stock symbols, prices, and changes. Includes sub-sections like 'Continued from Page 28' and 'R R R'.

AMEX COMPOSITE CLOSING PRICES

Table of AMEX Composite Closing Prices for August 1, 1988. Columns include stock symbols, prices, and changes. Includes sub-sections like 'Continued from Page 28' and 'R R R'.

OVER-THE-COUNTER

Table of Over-the-Counter closing prices for August 1, 1988. Columns include stock symbols, prices, and changes. Includes sub-sections like 'Continued from Page 28' and 'R R R'.

Advertisement for Ghent, Belgium. Text: 'For an increasing number of decision-makers worldwide, the best possible start to the business day is the Financial Times... The earlier it is in your hands, the greater value it is to you as a working document.' Includes an image of a building.

Advertisement for Brussels. Text: 'For an increasing number of decision-makers worldwide, the best possible start to the business day is the Financial Times... The earlier it is in your hands, the greater value it is to you as a working document.' Includes an image of a building.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

The English connection

BY COLIN MILLHAM

IT WAS probably coincidental that a group of only loosely connected currencies came under pressure last week but it will be remembered as a memorable period for many of the currencies of the English speaking world.

The US dollar fell to new lows; sterling touched a record low against the D-Mark; the Australian and New Zealand dollars came under pressure; and the South African rand suffered from expectations of economic sanctions.

A combination of comments by US officials and weak economic data depressed the dollar. Mr Paul Volcker, chairman of the Federal Reserve Board stressed the importance of improving the US balance in giving testimony before a Congressional committee.

CURRENCY MOVEMENTS

Table showing currency movements for August 1, including Sterling, US Dollar, Canadian Dollar, etc.

£ IN NEW YORK

Table showing £ in New York rates for August 1, including Spot, 1 month, 3 months, 6 months, 12 months.

talked all week in Geneva about oil production quota cuts, but did not seem to have found a satisfactory formula.

Japanese institutional investors were reported to be heavy sellers of the Australian dollar last week. This kept downward pressure on the currency in spite of attempts by the Government in Canberra to reverse the trend, and a sharp rise in interest rates.

OTHER CURRENCIES

Table showing other currencies for August 1, including Arg. Pta., Aus. \$., Can. \$., etc.

CURRENCY RATES

Table showing currency rates for August 1, including Sterling, US Dollar, etc.

sterling moved down with the dollar, and the pound's stability against the US currency prevented any panic in London's financial markets.

In Wellington the New Zealand Government's Budget for 1986-87 was generally as expected, but the subject of received, but with inflation still high at 10 per cent, although cut from 17 per cent, the New Zealand dollar showed little reaction and remained weak.

DOLLAR SPOT-FORWARD AGAINST DOLLAR

Table showing dollar spot and forward rates for August 1, including UK, Ireland, Canada, etc.

LIFFE LOW-GILT FUTURES OPTIONS

Table showing Liffe Low-Gilt futures options for August 1, including Strike, Call, Put, etc.

LIFFE 2 1/2 DPTIONS

Table showing Liffe 2 1/2 Dptions for August 1, including Strike, Call, Put, etc.

PHILADELPHIA SE E/S OPTIONS

Table showing Philadelphia SE E/S options for August 1, including Strike, Call, Put, etc.

LONDON

Table showing London market data for August 1, including 20-Year 12% National Gilt, 10% National Short Gilt, etc.

LIFFE US TREASURY BOND FUTURES OPTIONS

Table showing Liffe US Treasury Bond futures options for August 1, including Strike, Call, Put, etc.

LONDON SE E/S OPTIONS

Table showing London SE E/S options for August 1, including Strike, Call, Put, etc.

LIFFE-BURDOLLAR OPTIONS

Table showing Liffe-Burdollar options for August 1, including Strike, Call, Put, etc.

THREE-MONTH EURO-DOLLAR

Table showing three-month Euro-dollar rates for August 1, including US Treasury Bonds, etc.

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NOTICE OF REDEMPTION

AKTIEBOLAGET VOLVO

U.S. \$35,000,000 8 per cent. Bonds due 1st March, 1987

NOTICE IS HEREBY GIVEN that pursuant to Condition 5(b) of the Terms and Conditions of the above Bonds, the Company has elected to redeem all such Bonds at par.

Notice: Withholding of 20 per cent of gross redemption proceeds of any payment made within the United States is required under United States Federal income tax law.

Dated August 4, 1986

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The Australian Industry Development Corporation

(A statutory corporation, wholly owned and guaranteed by the Commonwealth of Australia) U.S. \$100,000,000 11% PER CENT. NOTES DUE 1990.

FORWARD RATES AGAINST STERLING

Table showing forward rates against sterling for August 1, including Dollar, D-Mark, French Franc, etc.

EMS EUROPEAN CURRENCY UNIT RATES

Table showing EMS European Currency Unit rates for August 1, including Belgium, France, Germany, etc.

WEEKLY CHANGE IN WORLD INTEREST RATES

Table showing weekly change in world interest rates for August 1, including London, Tokyo, Brussels, etc.

MONEY RATES

Table showing money rates for August 1, including Frankfurt, Zurich, Amsterdam, etc.

EURO-CURRENCY INTEREST RATES

Table showing Euro-currency interest rates for August 1, including Sterling, US Dollar, etc.

NEW YORK RATES

Table showing New York rates for August 1, including Fed funds, Treasury Bills, etc.

BANK OF ENGLAND TREASURY BILL TENDER

Table showing Bank of England Treasury Bill tender for August 1, including Total of bills, etc.

FT LONDON INTERBANK FIXING

Table showing FT London interbank fixing for August 1, including Three months US dollars, Six months US dollars, etc.

EXCHANGE CROSS RATES

Table showing exchange cross rates for August 1, including £/\$, £/DM, £/FF, etc.

LONG-TERM EURO-DOLLAR RATES

Table showing long-term Euro-dollar rates for August 1, including Two years, Five years, etc.

LONG-TERM JAPANESE YEN RATES

Table showing long-term Japanese Yen rates for August 1, including Two years, Five years, etc.

LONG-TERM AUSTRALIAN DOLLAR RATES

Table showing long-term Australian Dollar rates for August 1, including Two years, Five years, etc.

REPUBLIC OF PORTUGAL

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